

DEPARTMENT OF STATE WASHINGTON DC OFFICE OF EXTERNAL--ETC F/G 5/4  
SPECIAL INTERESTS AND TRANSNATIONAL RELATIONS IN AGRICULTURAL T--ETC(U)  
1980 D R MARES

FAR-3011

NL

100  
62  
629342

END  
DATE  
FILMED  
2 81  
DTIC

FAR 3011

(18) FAR

(19) 3011

LEVEL II

(1)

(6)

Special Interests and Transnational Relations in Agricultural Trade:  
Implications for United States-Mexico Relations,

AD A093619

(12) 83

(11) 1980

(10)

David R./Mares  
Center for International Affairs  
Harvard University  
Centro de Estudios Internacionales  
El Colegio de Mexico

DOS 1722-920199

DTIC  
ELECTE  
S JAN 07 1981 D

F

This paper was prepared for the Department of State as part  
of its external research program. Views or conclusions con-  
tained herein should not be interpreted as representing the  
official opinion or policy of the Department of State.

## DISSEMINATION STATEMENT A

Approved for public release;  
Distribution Unlimited

Prepared for delivery at a Symposium on Mexican Politics,  
State Department, Washington, D.C., July, 1980

403831

80 8 4 122

UNC FILE COPY


## ABSTRACT

Trade issues rank among the most important topics in international relations. Two characteristics of the international system provide the basis for the increased bargaining power of small states: the internationalization of production and the strategic value of the smaller states to the major power. This paper examines the process by which Mexican tomato producers and their government utilized both bargaining chips to successfully resist U.S. restrictions on tomato imports in 1969 and again in 1979.

Mexican producer actions fall into four categories: 1) bilateral government negotiations; 2) self-restrictions; 3) Mexican producer-Florida producer negotiations; and 4) use of the U.S. domestic arena. Only the latter proved of significant importance to the outcome and this was primarily due to the emergence of a transnational alliance in favor of tomato imports. This alliance is structured along two parallel lines, one direct, the other indirect. The bi-national character of the tomato business in Mexico results in a common business interest between Mexican producers and their U.S. distributors; thus U.S. distributors defend tomato imports because it provides their livelihood. U.S. consumers indirectly become members of this alliance because their interest in taste, nutrition and price leads them to support imports of plentiful sun-ripened Mexican tomatoes. In both trade controversies examined, this transnational alliance overwhelmed the Floridian restrictionist efforts.

The world energy situation also allowed Mexico and its U.S. allies to stress the strategic importance of maintaining cordial relations with oil-rich Mexico. The fact that the 1969 tomato conflict lacked this element and still resulted in a Mexican success bears witness to the greater explanatory value of the transnational alliance. Nevertheless, in the more recent crisis, U.S. pro-import forces explicitly referred to the dangers of antagonizing Mexico, while the Mexican producers and government preferred to leave the question implicit in the tomato dispute.

The transnational alliance means that efforts to restrict tomato imports have little chance of success. The emergence of the tomato question in U.S.-Mexican relations displeases Mexico with no positive result for the U.S. The needless antagonism generated may negatively affect the Mexican position on more important matters. Thus it is in the U.S. interest to prevent the tomato and vegetable dispute from reaching the bilateral agenda. The U.S. members of the transnational alliance should thus be mobilized to defeat restriction efforts before they become an issue in U.S.-Mexican relations.



## Table of Contents

Introduction

Background

The Case of the Agricultural Marketing Agreement Act of 1937

The Marketing Agreement Experience and Recent Defense Tactics

Conclusion

Appendices

Glossary

Accession For	
NTIS GRA&I	<input checked="checked" type="checkbox"/>
DTIC TAB	<input type="checkbox"/>
Unannounced	<input type="checkbox"/>
Justification <i>per form 50</i>	
By _____	
Distribution/	
Availability Codes	
Avail and/or	
Dist	Special
<i>A</i>	

The relationship between powerful and weak states constitutes one of the enduring themes in the history of international relations. Weak states since the time of Mytilene have often been cruelly dismayed at their inability to constrain the actions of their more powerful competitors. Nevertheless, some states have been successful in attaining a degree of bargaining power in their dealings with vastly superior military-economic powers.

In the search for explanations of weaker states prevailing or significantly modifying a major power's policy, various factors have been considered. Among these two stand out: the rise of the transnational corporation and its concomittant internationalization of production,<sup>1/</sup> and the strategic value of the smaller states to the major power.<sup>2/</sup> These broadly defined characteristics of the international system then become, directly or indirectly, chips with which to bargain.

This case study of trade relations between Mexico and the United States utilizes both approaches to explain the ten year success of Mexican tomato exporters in warding off import restrictions by the U.S. In this particular case, the internationalization of production and transnational relations between Mexican producers and their U.S. distributors and consumers constitutes the key explanatory factor.

The internationalization of production, however, took a different twist in the case of Mexican fruits and vegetables in Sinaloa, Mexico. Although the industry began as a venture of U.S. agribusiness, over time the production phase has been turned over to Mexican producers.\* Because the producers are over-

---

\* Perhaps the major reason for the development of Mexican enter-

whelmingly Mexican it becomes misleading to link the internationalization of fruit and vegetable production today in Sinaloa to transnational corporations; rather one should stress the bi-national character of the industry: Mexican and American companies work together as part of a system.\* The transnational relations between Mexican growers and U.S. distributors are based on their interdependence; thus an attack on their livelihoods results in a transnational alliance against their common enemy.

The basic issue in imports of Mexican tomatoes centers around the competition the Florida producers feel from foreign supply. Consequently the history of Mexican tomato exports has been filled with obstacles which Florida producers and their allies periodically construct. The structure of the vegetable export industry, however, complicates matters and prevents treating this simply as a bilateral issue. In this respect the Mexican tomato growers constitute an integral component of a system of enterprises, mostly in the U.S., that supply it with inputs (credit, seeds crates, transportation, etc.) and marketing skills (distributors, wholesales, and retailers).

---

prises in the production phase of the industry lies in the political problems associated with foreign ownership of farmland in government-financed irrigation districts. The fact that the U.S. companies initially involved were comparatively small for transnational corporations means that they were less capable of opposing these foreign policies than major corporations have been.

---



---

\* This has been described as an "agribusiness commodity system;" "It encompasses all the participants in the production, processing, and marketing of a single farm product, including farm suppliers, farmers, storage operators, processors, wholesalers, and retailers involved in a commodity flow from initial inputs to the final consumer." 3/

Another complicating factor arises when U.S. consumer groups become involved in the issue. Three elements trigger consumer defense of Mexican tomato imports: price, nutrition and taste. Due to production cost and climatic factors Florida cannot supply the entire winter-early spring demand for tomatoes. Thus without Mexican participation (which varies from 40 to 60% of total supply) U.S. consumers would face shortages of fresh vegetables and resultant high prices. In addition, some consumers prefer Mexican tomatoes because they are vine-ripened, a process utilizing more labor but producing more nutritional and more flavorful tomatoes (Florida's crop is harvested green and given color through gassing). U.S. consumers consequently become members of the transnational alliance when they, or those representing them, defend the tomato imports against the restrictionists.

Mexico's ability to actually increase exports in the face of U.S. measures to limit imports resulted from Mexican producers' ability to form the transnational alliance with U.S. protectors and/or allies. The initial result was a two-prong defense with U.S. allies concentrating on the domestic ramifications of restrictions and Mexican producers emphasizing the international aspects as well; this combination overwhelmed the more narrowly focused pro-restrictionists. In later years, Mexican producers became more directly involved in attempting to influence those factors in the U.S. which came to bear on the restrictionist pressures they faced. In this respect, the earlier period in which the producers watched their U.S. allies work the U.S. system proved a valuable learning experience.

Despite the primacy of the transnational alliance in this trade

issue, strategic considerations were not entirely absent. The post-73 changes in the world energy picture and Mexico's recent hydrocarbon discoveries have greatly heightened Mexico's importance to the U.S. This strategic value consequently reinforces the economic elements at work in this case of bilateral trade disputes.

The discussion of the tomato case is separated into three parts. First the background to the issue is briefly sketched, focussing upon the importance to Mexico of tomato exports and the U.S. opposition to them. One particular controversy is examined in depth, highlighting the course of action taken by both the Mexican growers and their government. The discussion is then updated by comparing and contrasting this earlier defense with the more recent one employed in the tomato dumping case. In the conclusion we turn to the question of what the alliance between Mexican growers and interested parties in the U.S. means for United States foreign policy.

#### I. Background

A combination of climatic, geographical and economic factors combine to give northwest Mexico, principally Sinaloa state, a "comparative advantage" in the production of winter vegetables (at least in terms of traditional economics). Climatologically, the extremely rare freezes in the Sinaloa area, rather than the low wages which may be found elsewhere, provide the main rationale for producing winter fresh fruits and vegetables there. Geography places Sinaloa relatively close to the U.S. market so that perishability and transportation costs, precisely the obstacles to significant Mexican exports to Europe and Japan, are manageable.



The economic factors of abundant land, publicly financed irrigation districts and the wage differential between the U.S. and Mexico put the finishing touches on the "comparative advantage" of the area.

The pioneers of this agribusiness first came to the Culiacán valley in Sinaloa in the early 1900s; the majority were Greek-Americans who came for the express purpose of producing a crop to export to the U.S. From the very beginning U.S. companies provided credit and marketing skills to producers; to this day they continue to be an integral part of the industry as they provide approximately 40% of the credit <sup>4/</sup> (in 1979 the investment per hectare for tomatoes exceeded 4500 dollars) and constitute some 50% of the distributors for the Mexican tomatoes.\* <sup>5/</sup>

Tomato exports form an integral part of Mexican political economy for two basic reasons: the need for foreign exchange (at least until the petroleum industry is fully developed) and for employment. Most works on Mexican development emphasize the necessity of earning foreign exchange in both the 1940-70 period of rapid industrialization via import substitution and the post-1970 food crisis.<sup>6/</sup> If Mexico wishes to avoid becoming a mono-exporter, dependent totally upon her petroleum exports, agriculture, and within it fruits and vegetables, will have to continue to participate in the international market. Given the perishability of fresh fruits and vegetables and geographical proximity, the logical market for these products will continue to be the U.S.

---

\* The true relationship between distributors and growers may actually be concealed in some cases, with the latter serving as Mexican fronts (prestanombres) to circumvent Mexican agrarian laws. Given the illegality of the practice one can only note that the problem exists to some unknown degree.

(and to a lesser extent Canadian) market.

The other major aspect of vegetable production for export, which has implications not only for Mexican domestic politics but also for the migration of undocumented workers to the U.S., concerns employment. Due to the combination of the capital-intensive nature of Mexican development and a high population growth, Mexico is faced with a serious un- and underemployment problem. Some estimates place underemployment at 40% of the rural labor force while researchers have linked the flow of Mexican workers to the U.S. to precisely this matter. For the economy as a whole it has been noted that 700,000 jobs had to be created in 1979, not to diminish the problem, but rather to prevent its worsening. 7/

Horticulture production provides 282,000 jobs and 1.4 billion pesos in wages; within this tomato production for export is directly responsible for 70,000 jobs. Combined with the jobs indirectly dependent upon the industry, tomato exports provide 4% of the total labor force and 6% of the total rural labor force. 8/ Consequently, the employment effect of these products becomes critical to the Mexican political economy.

These foreign exchange and employment factors thus thrust vegetables to the forefront of two major issues in contemporary Mexican politics. There is the food crisis controversy of whether to produce for export or domestic consumption. 9/ In addition, tomato exports often come to the forefront to symbolize the dependency, opportunities and problems in U.S.-Mexican trade relations.

Mexican participation in the U.S. market has brought stiff Florida opposition since at least the 1930s. In 1930 the U.S. established tariffs on horticultural imports which were raised

when domestic supply proved sufficient and lowered when such supply became inadequate. The first intervention by Mexican producers in the U.S. Congress occurred in 1934 as the industry argued against the application of such tariffs.<sup>10/</sup> There was relative peace until 1968 when the Florida producers reorganized themselves for a major fight.

The reorganization of the Florida growers came about because numerous factors had taken their toll on Florida's production; among these were increasing land prices, labor costs, sudden freezes during the winter months and the ability of Mexican produce to supply an important part of the winter demand for fresh vegetables. The original Florida Tomato Committee (FTC), organized in 1955, was dissolved in 1959 when a slate committed to deactivation was elected; a fear of expanding Mexican imports served as an impetus for reorganizing the Committee using Mexican producer organizations as a model.<sup>11/</sup>

Thus in 1969, Florida growers began using an agricultural marketing agreement to harass Mexican imports; when this piece of legislation was watered down in 1973, they attempted to utilize packaging standards to diminish imports, but H.R. 744 failed to pass.<sup>12/</sup> Undeterred, the growers accused Mexico of "dumping" various vegetables on the U.S. market in 1978. When this measure seemed to sputter, increases in tariffs were sought before the International Trade Commission in 1979.

Production of tomatoes for export has evolved through various phases in seventy years. From 1906 to World War II exports were minimal but with the war economy in the U.S. Mexican production enjoyed prosperity in the 1940s. But this stimulus proved transitory

with the end of the war. In the latter half of the 1950s, however, major freezes in Florida expanded the demand for Mexican tomatoes and the industry enjoyed unprecedented success. Unfortunately everyone wanted in on the gold mine and by 1960 supply far exceeded demand. Acreage controls were implemented to limit supply, though the introduction of high yield staked tomatoes soon provided a loophole to the controls. With the forced retirement of Cuba as a major U.S. supplier of winter fresh fruits and vegetables, however, the 1960s became a decade of expanded production and self-regulation by Sinaloa growers. The period of 1969-73 brought Mexican government regulation of the industry as Florida producers wages a tough battle to diminish Mexican imports (see below). The Mexican industry came out of the struggle quite successful as exports continued to increase throughout the decade, finally doubling by 1979. (Appendix C)

## II. The Case of the Agricultural Marketing Agreement Act of 1937

On August 28, 1954 the U.S. Congress added Section 8e to the Agricultural Marketing Agreement Act of 1937. This legislation, proposed by Florida's congressional delegation, subjects imports to the same grade, size, quality and maturity requirements affecting the domestic commodity under a marketing order. As such it appears to be a fair regulation; its author, Senator Spessard L. Holland (FA), calls it the "golden rule agreement."<sup>13/</sup> (See Appendix A.) The legislation, however, can be manipulated to favor domestic producers; this was precisely the issue which touched off the "tomato war" of 1969.

With the reactivation of the Florida Tomato Committee in 1968

the Florida Tomato Marketing Order came back to life. Under this orderly marketing agreement the FTC recommends supply restrictions to the United States Department of Agriculture (USDA), which, by approving them, makes the regulations binding on the tomato industry. In January of 1969 the USDA approved FTC recommended size restrictions on the two basic types of tomatoes - vine-ripe and mature green; (see Appendix B); the regulations, however, specified greater size tolerance (smaller sizes allowed) for the mature green tomatoes which constituted over 80% of Florida's production than for the vine-ripe tomatoes which accounted for over 80% of Mexico's production for export. Consequently, although the marketing order applied to both Mexico and Florida, Mexico felt its effect was designed to place a greater burden on Mexico. Thus began the controversy over the Marketing Agreement, which was only definitively resolved when Florida went out of the vine-ripe tomato business altogether.

Mexican producers employed four major tactics against this type of regulation throughout the controversy. Broadly speaking, these can be distinguished along the following lines: bilateral government negotiations; self-regulation by first the Mexican growers and then the Mexican government; direct communication with the Florida growers; and use of the U.S. domestic arena (the Congress, courts, and socio-political groups). The transnational alliance played a major role only in measures directed at the U.S. domestic arena.

#### A. Bilateral Government Negotiations

In the government to government negotiations to resolve the controversy over tomato imports two strategies employed by the

Mexican side can be distinguished: the use of technocratic arguments and the resort to pressures of a more political nature. The Mexican government relied heavily upon the former while the Mexican producers and their allies shifted emphasis when one strategy seemed to bog down.

Upon receiving notification of the January restrictions a committee of Sinaloa producers immediately flew to Washington to attend the first bilateral talks concerning these regulations. Present at the meeting was, among other, the Mexican Ambassador to the United States, Lic. Hugo B. Margáin. One Sinaloa producer present concluded that a quick and equitable solution was likely since the "American Government accepts as fact that these measures are discriminatory."<sup>14/</sup> The five year battle which ensued testifies to the gross misperception of the problem by the Mexicans.

Political Pressures. In the area of bilateral negotiations the Mexican government demonstrated reluctance to politicize the issue before the United States; nevertheless, Mexican producers made political pressure one of the weapons of their arsenal and they attempted to apply it to both the Mexican and U.S. governments. The Mexicans' business partners in Arizona also encouraged the producers to keep the pressure on their government.

Although generally speaking the political pressures by producers were for settlements of a more political nature, in the earliest usage of this tactic the Sinaloa growers got their governor to support their technical arguments on the problem before the federal government. <sup>15/</sup>

To build Mexican domestic public support for the tomato

industry and stimulate government action Mexican producers began to cultivate public opinion. On February 6, 1969 three press releases were issued by the national (Union Nacional de Productores de Hortalizas, UNPH) and state (Confederacion de Asociaciones de Agricultores del Estado de Sinaloa, CAADES) producer organizations in a joint effort to present the Mexican case. The releases noted a speech given by Senator Barry Goldwater (R-Ariz) in the U.S. Senate warning of dangers to the "traditionally good relations between the United States and Mexico" <sup>16/</sup> as well as Representative Morris K. Udall's (D-Ariz) support in the House. <sup>17/</sup> The deficit on the Mexican side of U.S.-Mexican trade was pointed out with a strong warning by the Camera México-Americana de Comercio that since Mexico had to sell in order to buy, trade restrictions could actually harm the U.S. as a whole. <sup>18/</sup> The producer organizations also pointed out that trade barriers went against the recommendations of U.N.C.T.A.D., the U.S. Trade Expansion Act of 1968, and the declarations of the American Presidents' Meeting held in Punta del Este in 1967 (Alliance for Progress). <sup>19/</sup> The tomato issue was also linked to the defense of the "general relations that ought to guide commerce between the United States and Latin America, so that these countries would no longer need to depend on the 'aid' of the former but rather with the sale of their merchandise at fair prices, Latin America would overcome her present economic conditions, which, as United Nations studies demonstrate, have continued deteriorating." This release concluded with a flair, accusing the restrictionist projects of the U.S. of "strangling" by unilateral actions cooperative efforts for development by lesser developed countries.<sup>20/</sup>

The communiques also pointed out that the U.S. Embassy in Mexico and the "technicians" of USDA refused to alter their "false" arguments which had become "repetitive": "they deny the discriminatory nature of the tomato restrictions; they have refused to accept a measure which would affect mature greens and vine-ripes equally; they refuse to recognize that Mexican tomatoes have always been complementary and not competitive to the Florida supply." 21/ In response to a comment by the U.S. Ambassador to the effect that shipment of tomatoes in January was up from December indicating, therefore, the non-discriminatory nature of the restrictions, UNPH figures were provided demonstrating that the average increase in the previous five years had been 158% for the January exports but this year's was only 12.4%. The public, and indirectly the government, was warned that if this trend continued for the season, total exports would in all probability be down. 22/

The Nogales, Arizona distributors organization, West Mexico Vegetable Distributors Association (herein just "West Mexico"), also became involved in the attempt to push the issue to official levels, not by directly appealing to the Mexican government but rather through pressure on the producers to get their government to back them. Two points apparently led West Mexico to play up the international aspect of the problem. First, the trade restrictionists in Congress were strategically placed and commanded significant influence; H.R. 5865, proposed by Cong. Udall to remove tomatoes from Section 8e of the 1937 law, went down in defeat. In addition there were feelings among those involved on the U.S. side that "if the Mexican producers themselves could not convince their own Government of the many obstacles that had been raised



due to the market restrictions...(placed) by the Florida tomato growers, it is quite comprehensible that the United States Department of Agriculture cannot be convinced of our representation in favor of the American importers and distributors. 23/

West Mexico's lobbyist in Washington thus encouraged Mexican producers to get the Mexican government to convince the U.S. government that the tomato question was important to Mexico not so much in itself but because of the repercussions it could have on U.S.-Mexican commercial relations. The Washington group pointed out that the Mexican Embassy's efforts to convince the U.S. government had so far not been enough. 24/

West Mexico's consultants in Washington also stressed the importance of the Mexican President and Cabinet giving "highest priority" to tomatoes in their meetings with Governor Nelson D. Rockefeller during his Latin America tour for President Nixon. The firm pointed out to West Mexico that any information they provided would probably be refuted by the briefings of the State Department and USDA, and that thus the most effective tactic would be if "the President of Mexico brought up this matter on the highest possible level and as a matter of international politics, rather than as a possible internal argument between Florida growers and Arizona distributors." It was also suggested that the Mexican President, upon his return from West Europe, and before the Governor's trip, personally phone President Nixon to convey these feelings. 25/

Mexican producers, however, were cool to the idea of involving their President in the issue, claiming he had more important matters to consider than this one, which could be settled relatively

easily if the Florida producers would just sit down with open minds and listen to their counterparts in Mexico. 26/

This reluctance to involve the highest political authority in the country, however, did not hold for any official office outside the Presidency. In a joint memo by UNPH, CAADES and AARC to the Secretary of Agriculture (SAG) the Mexican producers castigated the various branches of the government involved in the tomato controversy for their weak efforts. The Mexican delegation to the IX Interparliamentary Meeting between the two countries was accused of underestimating the importance of the problem and the actions and public comments of the President of the Mexican Delegation in removing the issue from the agenda were labeled "deplorable." The growers lamented their inability to place their interests in the "place to which they rightfully belong," as evidenced by the lack of official protest on the part of the Mexican government to the increasingly restrictive measures of the FTC and of USDA this season. Distributors, wholesalers, transportation companies, supermarket chains and even U.S. housewives were reported puzzled and worried, the Mexican growers said, by the weak and ineffectual defense of the Mexican producer.

The memo ended with some suggestions. The producers would continue to defend their activities and ask that the defense be carried out in coordination with SAG and other government dependencies which the Secretary feels to be necessary. Four points were then enumerated:

1. Not to speak of or allow export quotas on Mexican production.
2. Communicate to the U.S. authorities that in the future Mexico would carry out adequate planning of acreage, taking into consideration the normal demand of the U.S.

and Canadian markets and the normal supply of producing areas, which would also be subject to planning by Florida.

3. Discuss the convenience of integrating a Regulatory Committee comprised of producers from both areas, with voice and vote and the intervention of official representatives of USDA and SAG.
4. Establish norms for national and international press campaigns to make known to the various sectors interested in the industry, with the necessary seriousness and foundation, the points of view on the necessity of good relations in International Commerce, among the United States, Mexico and Canada.<sup>27/</sup>

Technical Arguments. In their formulation of technical proposals to the U.S. government the Mexican government relied heavily upon input by its producers. From the very beginning Ambassador Márgain asked the Mexican producers for precise data, certified by the Mexican Secretary of Agriculture and Livestock and for proposals to end the controversy. Representatives from the UNPH, CAADES and the local producers organization, the Asociacion de Agricultores del Rio Culiacán (AARC), met with the Sinaloa Governor's representative and SAG's General Agent in the state and formulated three conclusions which were to be the cornerstones of the producers' proposals over the next five years:<sup>28/</sup>

1. the growers recognize the need for equitable measures to regulate prices when the market "requires" it;
2. that regulations for vine-ripe and mature green tomatoes be the same, given that it is the volume of the total product that influences the market and that reaches the consumer;
3. The Mexican producers propose that the fórmulas to regulate the market be applied in the following order:
  - a) by Quality; restricting U.S. Grade 3, then 2, so that the consumer is offered the best product at prices reasonable to both consumer and producers.
  - b) if a) is not sufficient, then restrictions should be placed on sizes, affecting both vine-ripe and green tomatoes equally.

Along with the Sinaloa production information which the General

Agent in Sinaloa sent his superiors at SAG, figures comparing the composition of Florida and Mexican production were provided, demonstrating that 89.8% of Mexico's production was of the vine-ripe variety whereas 81.2% of Florida's crop was mature green; hence the restrictions which affected both varieties in the 7x7 and 7x8 sizes but only vine-ripes in the larger 6x7 size were discriminatory. In fact, of the total volume of tomatoes exported in the previous three seasons, the affected sizes were alleged to have constituted 40.8% with a total market value of 230 million pesos.<sup>29/</sup>

On 17 January, 1969, the Mexican delegation presented evidence to their U.S. counterparts demonstrating the USDA regulations to be discriminatory and having, directly or indirectly, adverse effects upon 100,000 people. The only conclusion reached was to convene a meeting to discuss the technical aspects of the restrictions and possible action to be taken if they were indeed found to be discriminatory, as the Mexican delegation insisted.<sup>30/</sup>

Despite the failure of bilateral negotiations to reach a solution during the 1968-69 season, the international branch of SAG kept on track with the idea of reaching some type of market sharing agreement. The following year, SAG's agent in Sinaloa was notified of the bases for such an agreement which was being discussed in Mexico City. Six points made up the tentative proposal:<sup>31/</sup>

1. a minimum quota for imports from Mexico would be set; for the 1969-70 season it was to be the average of the last three years;
2. annual increases in the quota in relation to expansion of demand would be permitted;
2. in emergency situations where Florida was unable to supply

its share, Mexico would be allowed to fill it;

4. a bilateral commission with government and producer representation from both countries would undertake the investigations necessary to implement the proposed treaty;
5. there would be a five-year trial period, with the possibility of revisions;
6. the parties would be free to renounce the treaty with six months notice.

SAG believed the time propitious because U.S. representatives seemed willing to consider such a solution to the problem. The advantages for Mexico were twofold: a minimum export volume would be guaranteed (which therefore allowed for some degree of planning which would, in turn, reduce cost and risk), and the Mexican initiative might hold off further U.S. unilateral and stricter measures. Thus now that the U.S. demonstrated a "good disposition" towards an agreement, SAG believed it would be propitious to attempt one.<sup>32/</sup>

Nevertheless, the Mexican ambassador to the U.S. disagreed with SAG's assessment of the U.S.'s receptivity to quotas, arguing that both the Executive and Congress were against quantitative restrictions because they lead to reciprocal restrictions and hamper the expansion of international commerce; in addition neither branch wished to become involved in the political problems of allowing quotas on only one particular product. Consequently the idea of a quota would have only Mexican support and the Ambassador felt it would not be in Mexico's interest to restrict itself.<sup>33/</sup>

Other objections were also raised. Contrary to SAG's view, the Mexican diplomat felt that even if the U.S. were to continue limiting imports through the 1937 law, "our exports would not be less than before" and in fact would only cause the U.S. government

domestic public opinion problems while actually failing to restrict Mexican incursion into the market. In addition, labor shortages, high production costs and "inferior quality" were all factors tending to make Florida's production disappear; thus any Mexican self-imposed limits would be in Florida's interest. In sum, any restrictions Mexico put upon itself without reciprocal action by Florida would be, in the Ambassador's view, more discriminatory than the Marketing Agreement mechanisms, even with their differential regulations for mature green and vine-ripe tomatoes. 34/ 33

Ambassador Margáin pointed out that the U.S. Departments of State and Agriculture concurred with his opinion that the best solution would be the one the producers themselves worked out, under the guidance of their respective governments. The Ambassador then proposed that the market be regulated via price levels: when the price fell to a particular point Mexico would cease exporting until the price reacted favorably to the decreased supply, in a manner similar to U.S. action in the cotton market. The price level could be set to allow both Mexican and Floridian producers to make a profit, keep Mexico's market supremacy and let economic forces continue to work against Florida. 35/ 4

Mexican Secretary of Agriculture Juan Gil Preciado found the Ambassador's proposal "acceptable in principle" but suggested a few additions of an administrative nature: 36/ 5

1. that the restrictive measures to be triggered by prices apply equally to both varieties of tomatoes;
2. that the mechanism begin with restrictions based on quality;
3. for the benefit of the consumer, that the first sizes to be restricted be those in least demand;
4. that a Comisión Mixta comprised of producers and officials

of both countries be charged with implementing the measures.

One week before the bilateral negotiations began SAG met with a commission comprised of two representatives each from the UNPH and AARC, along with two AARC technicians and a representative from Sonora. For UNPH the bilateral meeting was important because it was "one of the first times" the problem received the importance it merited.<sup>37/</sup> The meeting officially opened on September 23 with Secretary Carrillo Flores urging the U.S. delegation to view the tomato problem in the "simple panorama that we are your best clients."<sup>38/</sup>

Little seems to have come of this meeting and further talks were held. On November 11, 1969, Secretary Gil Preciado spoke with the U.S. ambassador to Mexico about meat and tomatoes with the only result an announcement of future meetings.<sup>39/</sup> Sinaloa producers met with the Secretary to discuss the present export season on the 14th<sup>40/</sup> (the Mexican producers had made the strategic decision to reduce acreage for the coming year, see Section B), and a new meeting was held in Washington on the 24th. The Mexican producers appeared confident. The Rockefeller report argued for decreasing commercial barriers. In addition, it was clear, although USDA did not understand it at the moment, that even if the goal of the restrictions was not discriminatory the effects were there for all to see: 90% of Mexican 6x7\* exports had been stopped compared with only 13% of Florida's production in the same size.<sup>41/</sup>

\* 6x7 refers to the number of tomatoes in the rows and columns of a tomato crate. They are packed in crates of 7x8, 7x7, 6x7, 6x6, and 5x6. Size restrictions regulate the minimum and maximum diameter of a tomato which can be packed in a particular crate size.

This new meeting seemed to offer more; SAG announced "bases" had been set and announced another meeting for December. <sup>42/</sup> Mexican producers' hopes were further lifted when U.S. Ambassador McBride paid a cordial visit to the Sinaloa Governor, announcing that the Florida producers wished to reach an agreement. <sup>43/</sup>

Any hopes for a negotiated solution during the 1969-70 season, however, were in vain. At the next trade meeting between the two countries, in March 1970, tomatoes were not even discussed. <sup>44/</sup> One month later Ambassador McBride paid an informal visit to Culiacán at the invitation of UNPH; the informal nature is underscored by the fact that not even a memo was presented to him as he inspected the production and packaging of tomatoes. <sup>45/</sup>

In July of 1970, the UNPH president expressed fear that the U.S. government would attempt to exercise more control over Mexican imports by establishing import quotas. It was also noted that California producers had telegraphed the U.S. Congress petitioning that no imports be allowed after June 1 each year - the beginning of its season - a move interpreted by the UNPH as supportive of FTC efforts to limit imports from Mexico. Problems were also anticipated to increase the following season due to an expected expansion in acreage. With this in mind UNPH sent a delegation to Mexico City to meet with SAG; two producers were also selected to go to Washington to observe the next intergovernmental meeting. <sup>46/</sup>

Three days later the local paper reported, with no mention of source, that since USDA's measures to protect the FTC had failed, it would be instituting an import quota. Such a quota would, the paper claimed, "automatically retire" Mexican producers from the market. <sup>47/</sup>



In early September of 1970, the Mexican delegation presented its official program of restrictions (see Section B) to the U.S. government and producers,<sup>48/</sup> apparently receiving at least an interested acceptance.<sup>49/</sup> Just before the season started the two parties discussed tomatoes again at the sixth meeting of the Mexico-U.S. Joint Trade Committee.<sup>50/</sup> In early March, as prices fell, U.S. and Mexican officials held further talks. Despite the Mexican program of restrictions, in the spring of 1971 USDA imposed its own restrictions which the Mexican government protested as discriminatory: Mexican imports were already off 7% while Florida volume was up 27%.<sup>51/</sup>

On this unhappy note, the technocratic approach to bilateral negotiations squeaked to a halt.

#### B. Mexican Self-Restrictions

As noted in the Introduction Mexican producers have been applying different methods of regulation to keep export supply in line with demand since the mid-60s with varying degrees of success. During the 1968-69 season Mexican producers continued to regulate their export supply by invoking both quality and grade restrictions when oversupply warranted action. This was perhaps the most vivid example provided by the Mexicans that they were not against regulations per se, but rather the discriminatory nature of FIC-USDA measures. Given Florida's lack of cooperation on limiting supply in accordance with demand, Mexican producers decided to take responsibility for keeping prices up in the short-run while fighting the legislation which placed that burden on them. Thus in the spring of 1969 Ambassador Margáin met with State Department representatives and noted that the self-restrictions

imposed by the Mexican producers had been demonstrated to decrease exports.<sup>52/</sup>

After the 1968-69 season Mexican producers generally agreed that oversupply was a serious problem; members of AARC, the primary local producers' organization, were advocating the addition of acreage limitations to the tools of quality and grade to limit supply. The initial step in AARC's plan to limit acreage was to set a deadline for applications;<sup>53/</sup> at two informal CAADES meetings held in the next 12 days AARC advocated planning production to be complementary to that of Florida. Opposition arose from producers in Los Mochis area who produced little but in an attempt to expand argued that the economic capacity of the grower should be the only limit.<sup>54/</sup>

On July 25, 1969, the Directive Committee of AARC decided acreage would be limited in the Culiacán Valley, at least; the only problem was how to distribute the area. The irrigation district had authorized 8,500 has. while the past year 10,730 has. had been cultivated. Although it was first reported that applications had been made to cultivate 11,000 has., this number quickly rose to 13,000 has. After 3 meetings no agreement could be reached to deal with the 200 applications.<sup>55/</sup> On July 28, the distributors from Nogales met with CAADES, AARC and the Guasave association. Nogales distributors argued for decreasing, or at most maintaining the same level, of area planted, pointing out that if the Mexicans wished to continue arguing the complementary rather than competitive nature of their production, they could not let everyone plant as much as he wished.<sup>56/</sup>

On the 31st of July, AARC decided that only 9,400 has. would be allowed in its jurisdiction and requested that the Secretary of Hydraulic Resources refrain from supplying water for a greater area.\* <sup>57/</sup> Not everyone was pleased with the decision, but at the meeting called one month later to reconsider the agreement, the decision was once again ratified.<sup>58/</sup>

In September AARC conducted an informal poll of its members on the tomato problem. The vast majority believed the effect of the U.S. restrictions had actually been beneficial because they decreased supply; some, however, pointed out that climatological factors had favored Mexico in the past year; others indicated that had they been in Florida's shoes they would have acted the same, while still others pointed out that Mexico forgot that its 30 year role had been to complement Florida's supply. On the question of decreasing area, a split presented itself between "small" and "large" producers: the former advocated either reduction or better distribution while the latter advocated ability to finance production as the only constraint. On the question of strategy vis-a-vis U.S. supply restrictions, some growers believed it best to limit area while others suggested keeping the same volume but increasing the size regulations, thereby rendering Florida reluctant to restrict Mexican tomato sizes because she would be hit in the same degree.<sup>59/</sup>

With the acreage limits set the producers looked for means to enforce the limitations. Two mechanisms were already in place. Because the irrigation district sets water distribution limits, it was possible to coordinate the amount of water with authorized

---

\* For an explanation of how AARC authorized area can exceed that planned by the irrigation district, see my paper: "The Politics of Water and Rural Development: Irrigation District No. 10," unpublished, 1980.

acreage. In addition, AARC already employed its own inspectors to whose duties were added the task of confirming compliance with acreage limits. The Customs Branch of the Secretary of Finance and Public Credit (SHyCP) also obliged by creating a register to control exports and record the origin of the tomatoes.<sup>60/</sup>

During the 1969-70 season Mexican producers invoked quality restrictions several times; after the first restriction the UNPH president requested that Ambassador Margáin inform USDA of this demonstration of Mexican producers' willingness to keep their supply in line with demand.<sup>61/</sup> A commission of 13 producers from Sonora and Sinaloa and the Nogales distributors was also created to substitute for the two agents who had been responsible for invoking restrictions at the border. The commission was consciously patterned after the FTC with powers to dictate emergency regulations as necessary.<sup>62/</sup> Once again the UNPH announced that the action indicated Mexican interest in regulating her exports to allow both Mexican and Floridian producers to prosper.

Despite the efforts of producer organizations contraband flourished during the season as some distributors for the national market diverted tomatoes to the U.S. The growers moved quickly to end this abuse, but government response was slow. On March 19, 1969 UNPH communicated to SAG the need to control the movement of contraband through customs; three weeks later SHyCP confirmed contact by SAG.<sup>63/</sup> In addition UNPH discussed with SAG the possibility of asking USDA to require certificates of origin and Mexican export permits.<sup>64/</sup>

Two weeks later UNPH repeated its protestations to SAG and SHyCP's Customs Direction. Nogales distributors were also protesting and CAADES called a meeting to discuss changes in

the regulations to help end contraband.<sup>65/</sup> The UNPH also asked the Foreign Ministry to speak with the U.S. Customs Department and USDA to take measures to correspond with those actions already taken by the Mexican government.<sup>66/</sup> Nothing, however, seems to have come from these efforts before U.S. agencies.

The following season rules were tightened up as all agreed that overproduction would decrease prices; consequently, in an effort to abide by hectarage limitations, growers were forbidden to plant in two different production areas. A 20 July deadline for applications was also announced.<sup>67/</sup>

In July 1970 the local press reported a consensus in the U.S. that something would have to be done about the problem of tomato imports. In mid-July the Mexican government set an official quota for tomato exports to the U.S. market. This was precisely the measure against which the Mexican producers and the Mexican ambassador had argued a year earlier. The SAG Directors of International Affairs and Agricultural Economics broke the news to producers during a three day conference in Culiacan. The officials pointed out that both SAG and USDA recognized that the expansion of production was creating problems in the market and SAG emphasized that it would be in the economic interests of the producers themselves to avoid excessive production by means of a "healthy" regulation. Producers were warned that the past season had been a success only due to climatological factors in Florida and that a good season in Florida would have spelled disaster for Mexican producers.<sup>68/</sup>

Pains were taken to make clear that although the U.S. itself had not set a quota on imports, if the trend toward increasing Mexican participation in the U.S. market remained unaltered, it could very well restrict access to avoid saturating domestic markets. The SAG officials conceded this to be a "legitimate" U.S. option. The Director of Agricultural Economics noted that in the 1969-70 season Mexico exported 263,000 tons of tomato for a 51% share of the winter-early spring market, a situation which the U.S. government "did not consider healthy." According to SAG the U.S. government believed the optimal volume of imports should fluctuate between 160,000 and 180,000 tons; the Mexican government thus considered this to be a reasonable goal for planning, with a reserve in case climatological conditions warranted increased Mexican supplies. SAG consequently recommended that the producers reduce acreage 15% below the average of the previous five years and allow no new tomato producers; the Canadian and European markets remained unrestricted. Though the production decision was to be made by the producers, SAG informed them of its recommendation of a 15% decrease, reminding producers that SAG is in charge of issuing export permits and would use this power to enforce its recommendation since "the government of Mexico has the right to regulate and plan its agricultural production."<sup>69/</sup>

Although the news was a disappointment to the producers, it did not constitute totally new ground. Consequently, grower representatives accepted the idea "in principle," to be worked out in local assemblies. But the leaders knew it would be no easy task; in the Rio Sinaloa Poniente area applications were already up, with 50% of them coming from aspiring tomato producers. President Careaga Cebreros of the UNPH thus announced that if the producers rebelled

the Union Nacional would let SAG determine the manner in which export permits would be distributed.<sup>70/</sup>

In the following week AARC held three meetings before agreement could be reached on what the total reduction in the nation's most important production area would be; it was resolved that AARC would offer a 15-20% decrease at the statewide meeting.<sup>71/</sup> CAADES first held informal meetings to air the issue. The official meeting to divide up Sinaloa's production merited the description of "tormentous". After much discussion export volume was divided up among the producing areas in the following manner: Culiacán 78.5%, Guasave 17.8% and Los Mochis 3.6%. The UNPH also suggested other truck garden crops should be regulated since those farmers unable to cultivate tomatoes would turn here; the suggestion was ignored, however.<sup>72/</sup>

At this point the internal disputes among Sinaloa producers surfaced on two fronts: within the Culiacán association and between the northern producers and their Culiacán counterparts. The basic question in Culiacán concerned the distribution of the area; last year 9,600 has. of tomato were cultivated and this year 15,380 has. had been solicited.<sup>73/</sup> In order to meet the volume limits set by SAG, AARC found that it had to reduce area by 25% to a total of 7,561 has.; it was also announced that although there existed no restrictions on supplies for the Canadian market, AARC would regulate it when the market so required.<sup>74/</sup> Dissidents against the 25% decrease were able to convoke another meeting but to no avail.<sup>75/</sup> Also, in the spirit of attempting to keep the restrictions from benefitting larger producers, AARC asked the Irrigation District authorities to supply

water only to those parcels authorized for tomato, attempting in this manner to prevent the sale of permits.<sup>76/</sup>

The producers in the Mochis area quickly voiced their disagreement over the allotment their leaders agreed to, and CAADES was forced to call another meeting. Only 1 of 3 delegates presented himself (presumably from Mochis) so the meeting was postponed.<sup>77/</sup> The Directive Committees of the Mocorito, Sinaloa de Leyva, Guasave and Mochis associations met to warn that Culiacán producers were attempting to use "fronts" to plant outside the Culiacán area.<sup>78/</sup> The threat was perceived even among Culiacán producers as "smaller" producers had raised similar accusations earlier and even threatened to speak with Secretary Gil Preciado (SAG) on his visit.<sup>79/</sup>

Finally, on 12 September, 1970, two months after SAG dropped its bombshell, the Sinaloa producers reached agreement as to volume shares: Culiacán would provide 78.4% (down 0.1% from their July allotment); Guasave 15.3% (down 2.5%) and Los Mochis 6.1% (up 2.5%). These percentages are of a total volume for Sinaloa of 206,455 T or approximately 14% more than SAG had reported to the producers in July as the U.S. government's optimal figure.<sup>80/</sup> In relation to the previous year's volume these figures represented decreases of 27% for Culiacán, 24.5% for Guasave and 15% for Mochis.<sup>81/</sup>

On 6 October 1970 SAG published the tomato regulations in the Diario Oficial. The introduction recognized that excess supply led to decreased prices which meant economic loss for farmers, that international commerce should be stable, and that Mexican tomato production had experienced uncontrolled growth which now threatened the industry.<sup>82/</sup>



Producer-government relations in Mexico focused on two issues during the 1970-71 season: stopping contraband and increasing the volume set by SAG for export. UNPH registered complaints with SAG concerning the contraband activities of a foreigner. The first complaint was made on 18 November 1970 to the Secretary himself, with four subsequent complaints through 3 March 1971. The producers asked SAG to convince the Secretaria de Gobernacion to investigate the migratory status of the contrabander, to ask SHyCP to tighten customs and to ask USDA to require the necessary SAG-UNPH documents before allowing entry to the U.S.<sup>83/</sup> The Mexican government dragged its feet on the issue; shortly after issuing the final complaint, UNPH received a reply from SAG.<sup>84/</sup> No indication is available concerning government action, though the local press reported no further denunciations of contraband.

With freezes in Florida drastically reducing supplies from the only Mexican competitor the opportunity arose to increase exports. The Sinaloa producers were not only asking for an increase to fill that gap; with more than a month to go in the season the state had almost filled its quota. Thus at an UNPH assembly the northern Sinaloa producers, who were especially hard hit since they planted later, asked SAG to allow them to fill the quotas of states who were lagging behind (4 of 12 states did not even use their quota and Sinaloa was the only one to come close to filling its quota).<sup>85/</sup> The SAG representative, however, offered to increase Sinaloa's volume only if the total volume "assigned" to Mexico could be increased.<sup>86/</sup> Just-elected President Ing. Manuel J. Clouthier was quickly off to Mexico

City to argue the point and in four days Sinaloa's quota increased by 32,000 T; of the total, 12,000 came from unfilled quotas in other areas and 20,000 came from increased total volume of Mexican exports as a whole as SAG heeded the UNPH argument that good prices and lack of Florida production meant no "impediments" existed for increased Mexican supplies.<sup>87/</sup>

Mexico modified its official program of self-restrictions the following season, 1971-72. Instead of tonnage limits to exports a trigger price was set up (at 3.50 dollars per box) below which increases in quality requirements would be set off so as to decrease supply and push price back up above the trigger. This switch in tactics did not please the Florida producers, as evidenced by Rep. Dante B. Fascell's congressional comments that this constituted a step backward for US efforts to limit tomato imports.<sup>88/</sup>

The following year a further erosion in Mexican control occurred as Mexico sought to keep supply in line with an ever-increasing demand for Mexican tomatoes. In the September meeting to discuss regulations for the 1972-73 season, SAG's Director of International Affairs found that at this late date the applications for production were still not concluded. Consequently, only broad outlines were set: production should be more efficient and volume should at least equal that of past years.<sup>89/</sup>

A few days later UNPH sent SAG its analysis of the US and Canadian markets along with estimates of the optimal area for production. The UNPH President noted that 20,000 has. in Sinaloa would be "more

than sufficient" and asked SAG's approval or modification.<sup>90/</sup> SAG responded by authorizing 31,000 has. nationwide but only 18,000 for Sinaloa. The UNPH also announced, in a move to eliminate intermediaries, that export permits would be provided only to producers.<sup>91/</sup>

Self-control was twice exerted by producers during the 1972-73 season. At the start of the season area cultivated exceeded that allotted to Culiacán; AARC producers voted to ask the Association's inspectors to pay special attention to the matter.<sup>92/</sup> During most of the season the US market suffered from oversupply and Mexican growers resorted to the "desperate" measure of declaring total work stoppages for days at a time. Nevertheless, the move had little effect on the market.<sup>93/</sup>

In planning for the 1973-74 season voices were heard once again in Culiacán for drastic limitations of area cultivated. The early movement was for a 50% decrease but at the close of the 1972-73 season Culiacán growers decided to limit themselves to the average area of the last three seasons, 10,900 has.<sup>94/</sup>

In conclusion, this section has shown that, contrary to the conventional view of the unimportance of interest group pressures and initiatives for the setting and conduct of Mexico's foreign policy, the fact is that the Mexican government was willing to allow Sinaloa producers to guide its policy during the 1972-73 season of negotiations. When it appeared that the US might increase the severity of its trade restrictions, however, the Mexican government abandoned its producers' position on the issue. At this point it made policy unilaterally and in defense of its long term trade interests, leaving

the Mexican producers no alternative but to adhere to the government policy. Once it became clear that Florida could not supply the increased market share it inherited through Mexican self-restrictions, the Mexican government loosened controls and allowed its producers to set their own export policy once again.

#### C. Producer to Producer Negotiations

Mexican growers maintained throughout the controversy that the problem could be easily solved if only the Florida producers would meet with their Mexican counterparts and weigh positions on the "balance of justice." Both the Mexican and US negotiating teams also felt that the optimal solution would be that reached by the growers themselves.<sup>95/</sup> Nevertheless, since Mexican producers-US distributors and Floridian producers-Floridian distributors are competitors in the same agribusiness commodity system two factors worked against their reaching an agreement. First, they tend to perceive the market as a zero-sum game, at least in the long-run. Even if they were to arrive at an agreement on how to divide the market they would run afoul of US anti-monopolies legislation. Both factors played a role in the Marketing Agreement dispute although competition, not collusion, proved the norm in bilateral producer relations.

The first commission sent by the Mexican growers to deal with the restrictions in Washington also spent the January 1969 weekend in Florida inspecting the conditions of the crops.<sup>96/</sup> The manager of the FTC visited Culiacán in mid-January to hear viewpoints and discover what possibilities existed for reaching agreements satisfactory to both groups.<sup>97/</sup> And by the end of the month the UNPH communicated

their desire for a "just" agreement and to maintain contact with the FTC; the effort was well-received by Florida producers who in turn suggested reestablishing an exchange of information regarding daily shipments.<sup>98/</sup>

But not all the interchange was of a cordial nature. After accepting the FTC offer on information exchange the UNPH General Manager, in a searing letter, laid the blame squarely on FTC's shoulders for the problems facing Mexican tomato exports, although he recognized that the Committee "never imagined the magnitude of the problem" that would be caused. UNPH also "lamented" the failure of the Florida producers and of their Committee to "weigh their arguments in the balance of the strictest justice."<sup>99/</sup>

During the January visit of the FTC to Culiacán Florida growers felt their conference with "the head of the Mexican organizations... turned out to be an inquisition..." The Mexicans did propose elimination of shipment under bond of restricted grades and sizes to Canada if the FTC would modify the tomato regulations along the lines of the Mexican proposal. However, at the next meeting the proposal was tabled on the grounds that it would "make it impossible to effectuate the declared policy of the Marketing Agreement Act."<sup>100/</sup>

Apparently aware that one major criticism of the January 1969 legislation had been its unilateral character, the FTC invited West Mexico, Senator Goldwater, CAADES, AARC and UNPH to discuss what measures should be taken when prices began falling again in March.<sup>101/</sup> The Nogales distributors suggested that all restrictions be removed

so that the market could seek its own level, whereas the "Mexican producer organization" argued for keeping current restrictions until the market recovered. The FTC, however, disagreed and recommended that USDA increase minimum sizes of both mature greens and vine-ripes. The 9/32 inch difference between the sizes for the two varieties, the basis for the discriminatory charges, however, was retained.<sup>102/</sup>

Contact was kept at a minimum during the 1969-70 season. During the 1970-71 season, however, the FTC made three unofficial trips to the West Coast of Mexico to observe first hand the progress made in the Mexican decision to limit supply. Florida producers provided the Mexicans with data on past contraband and promised to attempt to provide dates, names and quantities of contraband into the US. The impressions the US growers received led the FTC to state in its Annual Report that "progress is being made".<sup>103/</sup> Nevertheless, not all was harmony; the reentry of Florida into the market in the spring after disastrous freezes during the winter led to USDA restrictions against Mexican supplies.<sup>104/</sup>

Producer interaction also took place at the United Fresh Fruit and Vegetable Association's Tomato Division Meetings in early April, 1971. A proposal for creating an international tomato committee to deal with production and voluntary controls met with little enthusiasm; California growers noted that it was too difficult to agree, either within the California industry or internationally, as evidenced by the Florida-Mexico dispute.<sup>105/</sup> On the positive side, however, the group congratulated itself for helping end the "smear campaign"

by producers in one area (Florida - ed.) to discredit the production of another by alleging contamination of water and use of dangerous pesticides. Industry spokesmen had been quick to call attention to the fact that such a campaign would soon render the consumer fearful to eat any tomato.<sup>106/</sup>

In 1971-72 Mexican producers appear to have misread the contacts established; throughout the season these leaders continued to comment that a solution was imminent. The Florida Fresh Fruit and Vegetable Association meetings set the stage. UNPH President Clouthier noted that for the first time ever a dinner was being offered to honor the Mexican guests, and gave it greater importance than the invitation merited.<sup>107/</sup> During the informal talks Mexican and Floridian producers approved the idea to regulate the market utilizing bilateral mechanisms which would make the vegetable business "more profitable."<sup>108/</sup>

Four months later UNPH set the season's first restrictions; the FTC was immediately notified. President Clouthier believed this measure demonstrated to the FTC that Mexican producers were aware of market conditions and could exercise self-control to keep the business profitable. SAG was also notified to contact the FTC to convince them to halt efforts before USDA for new restrictions because these were now not necessary.<sup>109/</sup>

The three year controversy over tomato restrictions thus appeared on the verge of settlement via producer-producer negotiations. On 3 February 1972 President Clouthier announced that agreement had been reached, in principle, to regulate the market through bilateral measures. At the UNPH general assembly Mexican and US producers

decided that the measures would work on the basis of the percent of fruit to be eliminated and that both parties would be affected equally; each side would be responsible for distributing its share of the percentages. A formal agreement was scheduled to be signed at the United Fresh Fruit and Vegetable Association meetings the following week.<sup>110/</sup>

Florida producers, in an effort to maintain cordial relations with Mexican growers, asked USDA the following day, to ignore the latest FTC proposed restrictions. The UNPH assistant manager claimed the FTC action set a precedent and resulted from the recent meetings of the two groups.<sup>111/</sup>

At the UFFVA meetings Florida producers and the Mexican growers' US attorney had reservations about signing a formal agreement without the intervention of the two governments because of possible problems with US legislation on monopolies. Both sides settled on accepting the accords as a "gentlemen's agreement" and a meeting was set for Mexico City to define the types of bilateral restrictions to be used.<sup>\*</sup> FTC President Nobles also agreed to undifferentiated restrictions in 6x7 sizes but not in 7x7 and 7x8 due to the fact that 7x7 vine-ripe volume was equivalent to 7x8 mature green volume.<sup>112/</sup>

At the meeting good relations between the two groups were helped by Florida's defense of Mexican growers before charges by Californian and Texan producers. Due to Florida's efforts Mexican imports were absolved of blame for seasonally low tomato prices in June of each year.<sup>113/</sup>

<sup>\*</sup> The meeting was never held. Interview with Lic. Francisco Ramos Cantoral, Subsecretario de Agricultura y Recursos Hidraulicos.



The 1972-73 season began with the same optimism of Mexican growers that prevailed the previous season. Upon his return from an FTC meeting before the season began, the UNPH president found the Committee in the "best disposition" to reach an agreement. At the meeting Florida representatives promised to consult with Mexican producers and distributors to keep losses at a minimum, while the UNPH proposed to regulate the market by reducing supply from both areas. Florida growers still clung to their Marketing Order, however, and agreed that if such action could be taken within its rules, the FTC would study the proposition and support it, "if possible".<sup>114/</sup>

The USDA representative at the meeting also encouraged Florida growers to give their Mexican counterparts time to voluntarily comply with Florida standards of weight and size.<sup>115/</sup>

Unfortunately, as the 1972-73 season progressed, direct negotiations between producers failed to live up to expectation. No trips were made by either producers to their competitors' areas. By February 1973, at the United Fresh Fruit and Vegetable Association Meetings, Mexican growers were back to demanding equal treatment for both varieties of tomatoes.<sup>116/</sup>

#### D. The United States Domestic Arena

Another tact taken to defend tomato exports to the U.S. lay in attempting to influence those actors or institutions in the U.S. political system which could have a voice in affecting the import restrictions. Thus the Congress and the courts became the

battleground for attempts to modify the scope of the Marketing Agreement through legislation and/or judicial interpretation. In this area the distributors took the lead, with the Mexican producers preferring to leave the internal affairs of the U.S. to a group who knew the system intimately.

The Congress. The distributors, overwhelmingly from Arizona, contacted their congressional delegation, both directly and indirectly through their Washington lobbyists, Masaoka-Ishikawa and Associates, Inc. By means of this latter channel Sen. Goldwater and Fannin and Rep. Udall were informed of West Mexico's disagreements with USDA statistics used by the restrictionists in the Congress. In addition, they were provided with West Mexico pamphlets on general facts of Mexican-American trade and the problems created by the Florida marketing regulations.<sup>117/</sup>

The Mexican growers also became involved in the congressional game, although more as reactors than as initiators. Growers utilized both newspapers and telegraph to thank Senator Goldwater for his 1969 Senate comments and Cong. Udall for his congressional efforts against tomato restrictions.<sup>118/</sup> Masaoka-Ishikawa kept producers informed of their efforts in Washington and those of the opposition. In 1969, Masaoka-Ishikawa reported that the congressional delegations from Texas, California and Ohio (winter greenhouse tomatoes) had sided with Florida on this issue. Producers were also informed of a speech by Florida Senator Spessard Holland and reminded that the Senator was Chairman of Subcommittee No. 3 (Production, Marketing and Price Stabilization) of the

Senate Agriculture Committee which has jurisdiction over related legislation and is also author of the law which extended the Marketing Agreement to cover tomatoes. (See Appendix A.)<sup>119/</sup>

A copy of Masaoka-Ishikawa's progress report of 1971 to West Mexico was forwarded to the Mexicans. The report focused on the first two weeks of testimony before the House Ways and Means Committee on trade legislation. It stated that Administration spokesmen had advocated a more liberal trade program; that the Chief Counsel and Staff Director "discounted all the comments on tomatoes in particular"; and that Chairman Wilbur C. Mills doubted Florida could make a good case and that in any event he would oppose attempts to set import quotas for tomatoes "at this time."<sup>120/</sup>

Notwithstanding the national reputations of Sen. Goldwater and Cong. Udall the congressional arena proved futile for the defenders of tomato imports. Cong. Udall's bill to exclude tomatoes from Section 8(e) of the Marketing Agreement (H.R. 5865)<sup>121/</sup> went down in defeat. Actually the Congress proved to be a public forum for attacks on the Mexican industry.

Senator Ellender of Louisiana thus pointed out in Congress that Mexico discriminated against U.S. tomatoes by not allowing them in during the summer months. Representative Fascell of Florida, President of the House Subcommittee on Interamerican Affairs, announced the initiation of efforts to persuade the U.S. to "drastically" limit agricultural imports. He warned that if

negotiations did not bring "desired results" the U.S. could adopt new laws which could provoke "a serious dispute with Mexico" which "should and ought to be avoided." "Tomatoes are the vanguard of a serious threat to all winter fruits and vegetables of the U.S. Our people . . . who depend upon this industry to make a living deserve a national policy to protect their legitimate interests."<sup>122/</sup>

Despite the rhetoric Florida and its allies could get nowhere in Congress, either. Congressman Rogers of Florida introduced H.R. 9656 in March of 1969 and in March of 1973, with Cong. Bafalis (FA) and Haley ( ), introduced H.R. 5413 before the House Committee on Ways and Means. The proposed legislation, known as the "Fresh Fruits and Vegetables Market Sharing Act of ..." sought to impose quantitative restrictions on imports.<sup>123/</sup> Both bills, however, went down in defeat.

Thus Congress stymied the proponents of both the Floridian and Mexican positions. Neither side was strong enough to pass legislation changing the status quo of fruit and vegetable legislation and had to content themselves with blocking each other's efforts.

The Courts. In January 1968, under guidance from two West Mexico lawyers, Walter Holm and Company filed for a Temporary Restraining Order against the Secretary of Agriculture's enforcement of the January restrictions. The injunction granted by the U.S. District Court in Phoenix, however, lasted only two days; the judge lifted his order after consulting with attorneys from the USDA and the Florida Fruit and Vegetable

Association. The complaint was formally denied on 16 January 1969 as the judge agreed with USDA testimony that its "actions were within the scope of its authority under the Agricultural Marketing Agreement Act and the Administrative Procedures Act." The Plaintiff filed for a new trial requesting an injunction pending appeal, but was again denied; an appeal filed in the U.S. Court of Appeals in San Francisco also failed.<sup>124/</sup> In April the Company again filed suit, with similar results.<sup>125/</sup>

The distributors' organization also suggested that Harry H. Price and Son file a Complaint in the Federal Court in Dallas; a Temporary Restraining Order against the Secretary of Agriculture thus resulted in the suspension of the import regulations in USDA Amendments No. 3 and 4 for the season. (The FTC then recommended Amendment No. 2 regulations be reactivated as Amendment No. 5 and Secretary Hardin immediately approved, rendering it effective the same day.<sup>126/</sup>) After hearings on 25 April and 2 May 1969 the Judge dismissed the case finding that the Plaintiff, as a tomato repacker, had "no standing to bring action . . ."<sup>127/</sup>

When USDA announced restrictions for 27 April, 1970 West Mexico, Walter Holm and Company, "and other tomato importers" requested a Temporary Restraining Order against the Secretary of Agriculture. When the Court denied the request the Plaintiffs then requested a hearing before a three judge panel in Federal Court, a motion which was also denied.<sup>128/</sup> U.S. District Court in the District of Columbia became the next arena as it received a request for a permanent injunction against the Secretary to

prevent his enforcing import orders, based upon the constitutionality of Section 8(e).<sup>129/</sup>

When the District Court ruled in favor of USDA the importers appealed the decision to the U.S. District Court of Appeals. This court modified the previous decision, finding in March of 1971 that importers have the right to a hearing before USDA on "novel and crucial" issues.<sup>130/</sup> In response, the Secretary of Agriculture held 5 weeks of hearings in Orlando, Florida during the fall of 1971. An importer of Mexican tomatoes and two representatives of consumer groups were among the 16 witnesses heard on the question of the regulation of tomato shipments differently by maturity. In March, 1972 the Deputy Administrator of Regulatory Programs upheld the authority of USDA to impose dual size requirements.<sup>131/</sup>

Late in August of 1972 Secretary Hardin announced a final decision reaffirming his ability to continue the dual size regulations. Shortly thereafter, four consumer groups\* and various importers\*\* brought suit in U.S. District Court against the decision.<sup>132/</sup>

---

\* Consumers Union of the United States, Consumer Federation of California, Consumer Federation of Illinois, and Consumer Association of the District of Columbia were represented by the Center for Law and Social Policy.

\*\* Coast Marketing Co., William S. Wright, and West Mexico Vegetable Distributors Association were represented by Arnold and Porter.

The legal battles, while inconclusive, effectively kept the FTC from recommending restrictions during the 1971-72 and 1972-73 seasons.<sup>133/</sup> During the 1973-74 season Floridian attempts to utilize the Marketing Agreement Section 8(e) of the 1937 Marketing Agreement Act received a crucial blow: USDA ruled that "imported tomatoes are not required to be graded and sized the same as Florida tomatoes but are only required to comply with minimum grade and minimum size."<sup>134/</sup> The final judgment on the Marketing Agreement controversy was more of a tiro de gracia. In 1975 the District Court consolidated the suits brought by consumer groups and distributors against USDA in 1972. The Plaintiffs and USDA negotiated an agreement to dismiss the suit insofar as no dual restrictions had actually been in effect since the 1971-72 season with the stipulation that if any future restrictions were considered USDA would have to give consideration to the effect on prices due to the dual restrictions, alternatives to the dual restrictions and tomato quality in any proposed regulations.<sup>135/</sup>

Thus the courts ended the controversy over the Marketing Agreement by requiring USDA to utilize the type of regulations which the Mexican producers had advocated six years earlier.

Domestic Allies: The Distributors. The key ally for Mexico in this controversy, we have seen, was their business partners, the Nogales distributors. Efforts by the Mexican and U.S. components of the Mexican tomato industry to coordinate actions

before the U.S. legal system and Congress, however, also generated some conflict between the two groups. The basic issue centered around distribution of financial support to sustain such a program; joint defense efforts throughout the first year, 1968-69, therefore, were developed on a precarious foundation with the result that each group concentrated its efforts on actions not requiring the intervention of the other.

Early in the defense efforts distributors and growers had set up loose guidelines for the latter to foot some of the expense. Misunderstandings over allocation of responsibility developed and at the end of the season West Mexico suggested that a Committee on Interassociation Relations be formed with three grower (UNPH, CAADES, and AARC) and three distributor representatives. Monthly meetings were proposed to improve communication and coordination between the two groups.<sup>136/</sup>

The Committee met on 26 July 1969 but the result was more confusion: the distributors claimed the growers had agreed to contribute 2/3 of the total for the creation of a Mutual Defense Fund.<sup>137/</sup> Thus in their meeting the distributors agreed to contribute the remaining 1/3. The growers, however, recalled the meeting differently: the Mexican position had been for a 50-50 split and West Mexico's proposals for their share to consist of 25% or 40% were refused as unjustified. Thus the growers began their contributions on the basis of an equal share and suggested that West Mexico could take care of the U.S. side of the question in the forthcoming season.<sup>138/</sup>



Domestic Allies: The Kroger Company. This supermarket chain of 1,495 stores based in Cincinnati sent information on the tomato dispute to Governor Rockefeller's New York office and to Charles Meyer, the Assistant Secretary of State responsible for collecting data for the Governor's trip. Kroger's Director of Public Relations also communicated to the UNPH president that he was "hopeful" that the Governor would agree to meet with the UNPH president during his Mexico City visit.<sup>139/</sup>

Domestic Allies: Consumers. One of West Mexico's tactics from the very beginning had been to undertake a public relations campaign to reach consumers and convince them of the dangers to nutrition and price stability that the Marketing Agreement restrictions posed.<sup>140/</sup> This effort coincided with a general increased awareness of consumer protection rights sweeping the country.

The consumer advocates took their objections to import restrictions to both the Congress and the Courts. Miss Bess Meyer-son, Commissioner of Consumer Affairs for the State of New York, testified in Congress that the restrictions ". . . eliminated most Grade U.S. 1 vine ripened red tomatoes from the market . . ."<sup>141/</sup> while the Associate Director of the Center for Consumer Affairs in Milwaukee claimed Mexican tomatoes to be ". . . just plain better than the Florida tomato."<sup>142/</sup> When the Secretary of Agriculture reaffirmed his authority to institute dual size restrictions in 1972, two consumer groups were the first to file suit in U.S. District Court for a reconsideration of the decision.<sup>143/</sup>

Domestic Allies: Inflation. The fight within the U.S. against inflation also worked to the Mexican farmers' advantage as the FTC became reluctant to recommend restriction on imports in part due to the "requirement for consideration by the President's Council for Consumer Affairs."<sup>144/</sup>

### III. The Marketing Agreement Experience and Recent Defense Tactics

The controversy over the Marketing Agreement Act of 1937, as amended, constituted the first stage of an all-out effort by organized Floridian tomato producers to limit imports from Mexico. As such it became a learning experience for the Mexican producers and their allies who within ten years were to face another major attack by the Florida group. On 12 September 1978 a group of Florida producer organizations filed a petition charging the Mexican vegetable growers with individual sales of produce at less than full cost, an action they believed constituted "dumping" under the 1921 Antidumping Law. The products cited were tomatoes, bell pepper, eggplant and squash;<sup>145/</sup> together they constituted 60% of exports the previous year, totalling more than 6 billion pesos.<sup>146/</sup>

In this section the recent defense against these dumping charges is sketched briefly, comparing and contrasting the measures taken by the parties involved with the experiences of a decade ago.

### Petroleum: The Changing Context of U.S.-Mexican Relations

One important factor stands out immediately when one refers to the present period: hydrocarbons. Discoveries of gigantic reserves of petroleum and natural gas in Mexico have suddenly made the country loom very large in the eyes of the Western industrialized nations, particularly its northern neighbor, the United States. Whether this increased attractiveness is translatable into an ability to alter the outcomes of trade disputes is not yet entirely clear, although the natural gas episode suggests so. In any case, with respect to tomatoes a Mexican victory in defending exports to the U.S. cannot be totally attributable to the new context because Mexican producers had successfully defended their position before the oil discoveries. The main factors responsible for success in 1969-73 were Florida's inability to supply the entire winter market and the alliances constructed by the Mexican producers with U.S. distributors and consumer organizations. Had these factors not existed in 1979, energy alone would not have guaranteed Mexican success, witness the continued unilateral action of the U.S. on the undocumented workers issue.

Nevertheless, the changing context of U.S.-Mexican relations, at least that part linked to the energy issue, can increase the bargaining power of the Mexicans on tomatoes and other issues. On the one hand, it may cause certain groups in the U.S. which were previously uninvolved, or only marginally so, suddenly to

take an active stance. On the other hand, Mexican groups and/or their government may advocate threatening, at least implicitly, to reciprocate treatment in the energy negotiations. Thus one must be aware of the possible influence of the energy issue in present and future trade negotiations between Mexico and the United States.

#### A. Bilateral Government Negotiations

In contrast to the earlier controversy and due principally to the changed context of U.S.-Mexican relations, the pressures for bilateral negotiations came chiefly from the U.S. side, including both government and citizenry. Mexican producers were steadfast against any negotiations while the threat of antidumping sanctions remained, arguing that their existence was a form of pressure on Mexican producers to reach an agreement.<sup>147/</sup>

Spurred by the early opinion of Treasury lawyers that a strict interpretation of the Antidumping Act could not avoid finding dumping on the part of the Mexicans, the Carter Administration pressured Florida growers to take the issue to the bargaining table.<sup>148/</sup> Even before the Floridians agreed to withdraw their petition to the Treasury the U.S. Special Trade Representative's Office headed a bilateral task force trying to work out a compromise.<sup>149/</sup> After months of pressure by the White House, Treasury Department and State Department, and postponement of the first deadline for a preliminary decision by the Treasury, Florida growers agreed, on the day a Tentative Determination was to have been given, to withdraw their petition for ninety days to give negotiations an opportunity to resolve the

dispute.<sup>150/</sup>

The Mexican side, however, was not united in its views as to the usefulness of negotiations. Growers, fearing negotiation would imply some legitimacy to the dumping charges and stimulate other producers to bring similar charges in hopes of forcing Mexico to negotiate restrictions, advocated staying away from the bargaining table until the Treasury ruled that the antidumping legislation did not apply to perishable produce. In addition, they pointed out that the possibility of recourse to a dumping suit would handicap Mexico's bargaining abilities. Nevertheless, the Mexican government agreed to negotiate, but made clear that it would agree to no measures which would adversely affect the Mexican producers unilaterally.<sup>151/</sup>

Six meetings were held in Mexico City, Washington, and Miami; in the first two, the 14th and 28th of August, only government representatives attended and the discussions were of an exploratory-technical nature. On 17 September the U.S. introduced the Florida proposal to the Mexican officials: quantitative limits were to be put on Mexican imports when the market price reached a certain level; temporary tariff increases were to be used to control the limits and no proposals concerning Floridian limitations were forwarded. The 28th of September the two producer groups met for the first time in the negotiations; U.S. government officials were present to insure respect for U.S. antitrust laws.<sup>152/</sup>

Negotiations did not prosper as the basic disagreement revolved around not whether controls were needed, but who was going to limit their supply in periods of oversupply or a fall in demand. The positions of a decade ago continued unaltered: Mexican growers, proclaiming their "historical right" to the U.S. market, advocated equal limitations, while Floridian producers, arguing sovereignty rights, were steadfast in their opposition to restricting their supply. Negotiations broke off the day after the sixth meeting began, when Florida growers resubmitted their petition to the Treasury on 19 October, 1979.<sup>153/</sup>

#### B. Mexican Self-Restrictions

Mexican producers believed that their production targets already took into consideration the relationship between supply and demand and therefore decided not to restrict their planting programs in the face of the antidumping accusations. The Mexican Secretary of Agriculture and Hydraulic Resources, however, viewed the production decisions not from the perspective of supply and demand, but rather that of political pressures and conflicts from the U.S. government and growers. Consequently, invoking the legislation set up in 1970 requiring SAG (now SARH) approval of export quotas, a direct response to the 1969 controversy over the Marketing Agreement, SARH authorized less than the amount requested by producers for both the 1978-79 and 1979-80 seasons.<sup>154/</sup>

#### C. Producer to Producer Negotiations

International producer contact in the dumping case appears limited to the unfruitful contact in the bilateral negotiations at the governmental level discussed in Section A.

#### D. The United States Domestic Arena

The Congress. The U.S. Congress became the scene of efforts to revise the antidumping legislation to exclude perishable produce or to convince the Treasury Department that the intentions of the statutes would be distorted by its strict application in this case. With respect to the first tactic, Rep. Udall testified before the Trade Subcommittee of the House Ways and Means Committee in April of 1979 that since Treasury seemed bent on a literal interpretation here, Congress had to rewrite the law.<sup>155/</sup> Arnold and Porter, representing the Mexican growers and their distributors, reinforced Udall's testimony two days later.<sup>156/</sup> Nevertheless, the Floridians on the House Ways and Means Committee, Sam M. Gibbons (D) and L.A. Bafalis (R), blocked the attempted revision.<sup>157/</sup>

The Congress also became involved in applying pressure on the Treasury Department. Rep. Abner J. Mikva (D.-Ill.) and Sen. Edward M. Kennedy (D.-Mass.) led "a strong group in Congress" calling on the Treasury to avoid interpreting the Antidumping Act in a way that would lead to an "illogical result."<sup>158/</sup>

Treasury Department Proceedings. Mexican producers and their distributor associates were directly involved in the analysis of prices carried out by the Treasury. In the fall of 1979 the growers assisted U.S. Customs officials in Sinaloa gathering the evidence; they also made clear their opposition to the application of antidumping laws to perishable produce.<sup>159/</sup>

In conjunction with the West Mexico importers the Arnold and Porter legal firm in Washington was retained to represent

the Mexican industry in the proceedings. This firm had previously represented the distributors during the court cases related to the Marketing Agreement controversy.

The legal battle was fought on two grounds by the Mexican growers. The applicability of the antidumping statutes to perishable commodities was questioned and the methodology of the investigation was protested. The former tactic yielded nothing.

In their investigations Treasury analysts attacked the problem in the same fashion as they had in other dumping cases. Thus individual grower's sales were to be examined on a day by day schedule to determine if any were made below production costs. The Mexican growers and their allies argued, however, that in the case of perishable produce, prices fluctuated rapidly and the goal of a producer was to make a profit over the season, not on every sale.

The methodology initially utilized by Treasury virtually guaranteed that dumping would be found to have occurred; Treasury had early on stressed the need for negotiation precisely because of this expected outcome.<sup>160/</sup> When the Tentative Determination was to be announced in July, the Wall Street Journal reported the Department leaning toward a positive finding, as did the New York Times just before the Tentative Determination was actually given in October.<sup>161/</sup> Even the Mexican producers were pessimistic about their chances if Treasury did decide to apply the statutes: in a memo to President López Portillo the UNPH president noted that the chances of a determination of no dumping



were "very remote."<sup>162/</sup>

Through Arnold and Porter the Mexican growers and distributors attempted to convince Treasury to recognize that up to 50% of below cost sales were normal in the fresh produce business, to look at costs over the season,\* and to compare U.S. market prices with Canadian prices\*\* rather than constructing a price composed of cost plus 8% profit.<sup>163/</sup> These three aspects were incorporated in statistical studies submitted to the Treasury in July and again in October by Professor Richard L. Simmons, a consultant to USDA on the fresh fruit and vegetable market who was contracted by the Mexican defense to analyze the dumping charges. Employing regression analysis, a methodology never before used in a dumping case, the Simmons work demonstrated the lack of statistical support for the allegation of dumping.<sup>164/</sup> In October Alfred Kahn, Chairman of the Council on Wage and Price Stability, submitted a memorandum to Treasury endorsing the Simmons methodology.<sup>165/</sup>

There seems to have been no indication that Treasury would actually adopt the Simmons methodology; witness the aforementioned newspaper reports just before the Tentative Determination dates. On 30 October, 1979, however, the Treasury Department finally issued its Tentative Determination and, utilizing the Simmons methodology, found no evidence of dumping.<sup>166/</sup>

---

\* West Mexico submitted a brief on this point to the Treasury in early June.

\*\* Florida and Mexico supply this market also.

The Commerce Department Proceedings. The 1979 Trade Agreements Act transferred authority on dumping cases to the Commerce Department; thus it fell to this agency to issue the final ruling on the dumping case. Commerce analysts began by taking a position parallel to that of the Florida growers and questioned the legitimacy of the Simmons methodology in this case.<sup>167/</sup> Two basic issues thus arose in the Mexican defense. Arnold and Porter immediately filed a memorandum disputing the Commerce Department's jurisdiction on the grounds that the Trade Agreements Act stipulated that cases where a preliminary negative determination had been reached were not to be transferred to Commerce.<sup>168/</sup> This step failed to produce results for the Mexican side, so they concentrated on the methodology issue.

Commerce analysts notified the parties involved that three new approaches to the data were being considered, all of which differed significantly from the Treasury's approach.<sup>169/</sup> Arnold and Porter thus sought to support the Simmons studies before the Commerce group. In this tactic technical arguments were marshalled: Simmons submitted an updated study; Professors Hendrick S. Houthakker of Harvard, William D. Nordhaus of Yale and Richard A. King of North Carolina State\* all submitted affidavits supporting the statistical methodology employed by Simmons;<sup>170/</sup> another USDA consultant, Professor Robert S. Firsch of Arizona, submitted a

---

\* Professors Houthakker and Nordhaus were former advisors on agricultural economics to the U.S. President in their capacities as members of the Presidential Council of Advisors; Professor King was President of the American Agricultural Economics Association.

study of the California lettuce industry demonstrating that 50% of sales under cost was an economic fact of life in the industry.<sup>171/</sup> In addition, Professor Houthakker's affidavit testified that the statistical methodology employed by the Florida study submitted to Commerce was "no longer considered valid in the current theory and practice in the fields of econometrics and statistics."<sup>172/</sup>

On 24 March, 1980 the Commerce Department issued a final determination in which it found no sales had been made at less than fair market value.<sup>173/</sup>

Domestic Allies: UNPH Publicity Campaign. In 1974, after the Marketing Agreement controversy, the Mexican growers contracted Food Business Associates, Inc. (FBA) to carry out a promotional campaign in the U.S. As part of their work on the market FBA reported on factors which could possibly affect the Mexican supply of winter vegetables. Thus the UNPH was provided with a brief description of the Food and Drug Administration and the tariff legislation process, along with FBA contacts. With respect to the Florida Tomato Marketing Order, FBA underlined that if a new problem arose the Nogales distributors "would be compelled to fight it to preserve their own business."<sup>174</sup>

With the dumping controversy in 1978 the UNPH believed it "important to get . . . (the) support . . ." of U.S. groups.<sup>175/</sup> Thus FBA undertook two new campaigns. One was directed toward the leading produce executives; entitled "Why Not Mexico" it was aimed primarily at convincing U.S. receivers and retailers that

they faced no jeopardy in the dumping case if they continued to market Mexican vegetables. In addition, a special one year project was created "to foster more favorable publicity for the Mexican side of the Floridian/Mexican controversy." In this effort FBA contacted congressional and White House officials; at the end of May 1979 the White House contacted FBA to "assure us that the President's staff is continuing to monitor the controversy and will do all it can to foster normal trade relations." In addition, Hodding Carter, Assistant Secretary of State, "pledged support on behalf of Cyrus Vance."<sup>176/</sup>

Domestic Allies: Supermarket Chains. Once again the Kroger Company came to the aid of its Mexican vegetable suppliers as its Vice President for Produce Merchandising submitted an affidavit concerning the factors which affect price. This action was paralleled by that of a Vice President of Lucky Stores, Inc.<sup>177/</sup> In addition, the Food Marketing Institute, representing 1,000 retailers and wholesalers, also commented publically that an anti-dumping decision would lead to "very significant increases" in prices.<sup>178/</sup> Finally, the National-American Wholesale Grocers Association, whose members represent one half of the total U.S. supermarket business, contacted the Treasury in support of the Mexican position on the dumping issue.<sup>179/</sup>

#### IV. Conclusion

In the efforts taken by the parties involved in the two tomato disputes we find, not surprisingly, both continuity and

change. One of the major factors in this trade relation continues to be Florida's inability to supply a major portion of the demand for winter tomatoes. By itself, this gap in domestic supply argues for securing an import supply. This is a key structural argument. When the issue of inflation surfaces, the import-necessity becomes all the stronger; witness the Presidential inflation fighters' position on the issue in both the early and late 1970s.

The continuing transnational alliance for the defense of Mexican imports constitutes the other key factor in both cases examined. This transnational alliance actually comprises two parallel structures: a business relationship between Mexican growers and U.S. distributors and a coincidence of interests between U.S. consumers and the Mexican tomato industry. Nevertheless, within this alliance there were some major changes. Perhaps the most critical was the decision by Mexican producers to play a more active role in the U.S. politico-legal system. This guaranteed the overall strength of the alliance despite the other interesting change it underwent: the reduced involvement of consumer organizations. Whereas in the earlier controversy consumer groups were actively involved in litigation, in the dumping case they were absent from the Treasury and Commerce hearings. Consumer interests still formed part of the alliance, however, just in a more indirect fashion. The coincidence between consumer interest in relatively low prices and the Mexican grower-U.S. distributor involvement in tomato imports meant that Kahn's intervention kept consumer interests a central element in the alliance.

In both controversies the Mexican government made the strategic judgment to decrease its exports to avoid conflict with the U.S., even though this meant going against the wishes of its own growers. In 1970 the government established, for the first time, that it would regulate export permits; by 1971 the government established an explicit export quota, against the express wishes of the growers. Even with the presumed increase in bargaining power due to the energy situation, the Mexican government authorized less acreage during the dumping controversy than producers originally planned. Nevertheless, two factors mitigated the possible long-term impact of these official decisions. Because Florida's production is quite vulnerable to the vagaries of weather, the demand for Mexican imports may unexpectedly increase sharply; thus the 1971 quota made no sense in an undersupplied market. In the latter controversy, the Mexican government combined restrictions on its own producers with a warning to the U.S. that the vegetable issue would affect overall Mexican-U.S. relations, thus apparently trying to use energy, albeit in a cautious manner, to protect domestic producers.

At first glance, one of the most interesting contrasts in the tomato cases is the position taken by the U.S. government. In the Marketing Agreement controversy, the USDA was adamant in its defense of dual restrictions while the U.S. delegation to the bilateral negotiations assigned Mexico the responsibility of controlling her exports so that Florida growers would not feel compelled to utilize the 1954 amendment to defend themselves.

By contrast, in the dumping case the White House, State and Treasury Departments all pressured the Floridians to withdraw their legal action in favor of bilateral negotiations. When we turn to the bilateral negotiations, however, the different positions of the U.S. government lose most of their significance. By taking the dumping issue to the negotiating table the U.S. government continued to pressure Mexico to accommodate the Florida producers, especially since the dumping suit could be filed again if the negotiations failed to please Florida. In fact, the Florida growers seemed to have preferred the route of negotiations to filing a dumping suit; before the suit was entered they had pressured the Secretary of Agriculture to use his authority under Section 204 of the Agriculture Act of 1956 to negotiate quotas for imports with the Mexican government.<sup>180/</sup> Consequently the position of the U.S. government in both cases remained essentially the same: Mexico should restrict her tomato exports.

Two objections may be raised to the view presented here of the U.S. government pressuring the Mexican government to limit exports; both would prefer to see the U.S. government as reacting to Floridian protectionist efforts in such a way as to temper them. The first would point out that since the United States is a "democratic" country the government cannot keep the Florida producers from using the law to protect themselves. Another argument would stress the political costs to an administration if it attempted to block or influence the channels used by Florida growers for their defense.<sup>181/</sup>

Nevertheless, these objections ignore the fact that policy-making is not simply counting heads; initiative is necessary. The Treasury Department's use of an alternative methodology which would not find dumping illustrates what a little imagination can do.\* The creation of a Special Ambassador to coordinate U.S. policy toward Mexico is a step in the right direction, but successful completion of his job requires a commitment to keep some issues from reaching the bargaining table. Tomatoes are precisely such an issue.

To press tomatoes (or more broadly speaking, vegetables) as an issue in U.S.-Mexican trade can have adverse effects for the U.S. These can be separated into three general categories: the importance of the vegetable trade for Mexico, the possible repercussions for more important issues on the U.S.-Mexico agenda, and U.S. domestic politics.

With respect to Mexico the reference is to one basic issue: employment. Over 40% of Mexico's economically active population is found in the rural areas where up to 40% of the labor force is subemployed. Consequently, employment in the rural areas is an explosive issue in Mexico, one which could possibly threaten Mexican political stability. In this light the 6% of rural employment which horticulture provides becomes crucial to Mexico.

---

\* This may have only been a second best alternative. Counsel for West Mexico and UNPH presented enough congressional evidence to demonstrate that application of the 1921 Antidumping legislation to perishable produce was not what its authors had in mind. See "Brief of Respondents Union Nacional de Productores de Hortalizas and West Mexico Vegetable Distributors Association in the United States Department of Commerce" February 29, 1980.



Mexican political stability also concerns the U.S.; contrary to what many hope, petroleum does not guarantee social harmony in Mexico.

U.S. treatment of the tomato issue may also affect Mexican disposition to negotiate other issues which may be of greater significance to the U.S. This question, although difficult to answer, is important. In 1969-73 Mexico saw vegetable exports as an important element in its international trade and the obstacles to U.S. tomato imports as possibly having implications for other exports. The U.S., in turn, refused to view the tomato issue in a broader trade and development perspective. One result of the 1969-73 controversy was that the U.S. could pressure Mexico into placing some limits (whose influence proved only temporary) on its supply. But today the cost of pressuring Mexico on this issue could easily crop up in more important negotiations: oil, gas, migrants, etc. There have already been hints by Mexico that the vegetable issue will affect overall U.S.-Mexican relations.<sup>182/</sup> Since the transnational alliance in the Mexican tomato industry has been very effective in blocking efforts to seriously limit tomato imports, Mexican ill feeling could be created for naught.

A future failure of the transnational alliance could also reverberate throughout U.S. politics. Distributors and consumers are already mobilized and both would protest the import restrictions. In addition, a decrease in rural employment in Mexico would increase the flow of undocumented workers to the U.S.,

perhaps heightening U.S. domestic concern over the issue. Consequently, trade barriers against Mexican vegetables could have significant impact upon U.S. domestic politics.

The same factors which could lead to domestic problems, however, may also be the ones which could turn the tide against the Florida producers before they reach the negotiating table. The question is whether the above-mentioned repercussions in U.S. politics could be successful in counterbalancing and overwhelming Floridian harassment of Mexican exports. We have already mentioned that the diverse nature of U.S. politics renders it difficult for the U.S. to have a unified policy toward Mexico because Florida growers may not be willing to "sacrifice themselves,"\* as they would see it, for the benefit of broader concerns. It may be possible, however, to mobilize those U.S. businesses linked to the Mexican tomato industry, consumers, energy-concerned citizens, and the various labor and social welfare groups opposed to Mexican migrants to deflate this particular threat to a more rational U.S. policy toward Mexico.

---

\* This is propaganda. Florida's production has actually increased in the last ten years despite their failure to establish import restrictions. (Appendix D)

## APPENDICES

- A. Senator Spessard L. Holland, United States Senate Committee on Agriculture and Forestry to Mr. J.S. Peters, Manager, Florida Tomato Committee
- B. Federal Register, Tomato Import Regulation
- C. Fresh Tomatoes: Florida and Mexico Market Shares, 1964-1979
- D. Fresh Tomatoes: U.S. Production and Foreign Trade, 1967-1977

COMMITTEE ON  
AGRICULTURE AND FORESTRY  
WASHINGTON, D.C. 20510

Mr. J. S. Peters  
Manager  
Florida Tomato Committee  
Post Office Box 20635  
Orlando, Florida 32814

This responds to your letter of May 26 suggesting that I set down some ideas concerning section 8c of the Agricultural Adjustment Act (as reenacted by the Agricultural Marketing Agreement Act of 1937) for inclusion in your Annual Report.

Section 8c has been very helpful in achieving its intended objective. It was enacted on August 28, 1954, to meet problems of particular importance to Florida and particularly with respect to tomatoes. In fact, when the amendment was first proposed to the Committee it was proposed by a Florida organization to apply only to tomatoes and certain other perishable commodities "produced in the State of Florida". As you point out in your letter it has been of incalculable value this year for the Florida tomato industry.

The Florida fruit and vegetable industry had been studying marketing orders for some years prior to 1954, seeking ways to improve its operations. However, it had not been able to determine how it could use the marketing order machinery, because throughout its shipping season its products were subject to intense competition from neighboring nations, primarily Mexico and Cuba, particularly with respect to citrus. As the witness pointed out,

"We have had meetings for years, talking about a marketing agreement. But when we find that we shipped eight or ten thousand cars of tomatoes and at the same time and period, day for day, Mexico shipped six, eight, or seven thousand cars of the same commodity, some days shipping even more than we do, you just cannot make a marketing agreement work in Florida."

The Committee adopted this provision on my motion and it was passed by the Senate. As reported to the Senate, it covered tomatoes, avocados, limes, and grapefruit. Irish potatoes were added on the Senate floor. The House had already passed a similar provision covering additional commodities and in conference green peppers, cucumbers and eggplants were added. Mangoes were added as a result of my amendment to H.R. 9756 (P.L. 754, 83rd Congress) on August 31, 1954; and oranges, onions, walnuts, and dates (other than for processing) were added by the Agricultural Act of 1961. I have been seeking for some time to have the law extended to tangerines, and I have no doubt that it will be extended to other commodities from time to time.

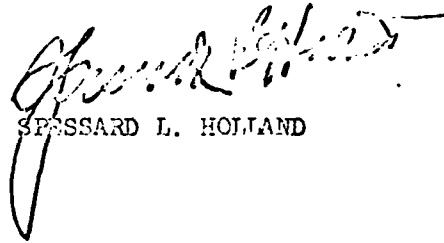
The provision is manifestly fair and is sometimes referred to as the golden rule amendment. It imposes no requirement on the imported commodity that is not also imposed on the domestic commodity. It provides for adequate notice so that foreign producers and exporters will have ample opportunity to adjust their operations. It does not seek to exclude imports, but rather to make possible market regulation of equal benefit to domestic and foreign producers. Generally, the forces of competition compel producers to harvest and market everything that will sell for enough to cover harvesting costs, plus something in addition, no matter how little. By excluding the less desirable grades and sizes, a marketing order makes it possible for the producers, both foreign and domestic, to obtain better prices and a better total return.

That the provision is not intended to exclude the foreign commodity is evidenced by the fact that tomato imports from Mexico have almost quadrupled in the last ten years. For this season 13,344 carloads of Mexican tomatoes had crossed into the United States through May 11, 1969, compared with 9,694 carloads during the previous season through May 11, 1968.

Administration of Section 2e is almost automatic. It is effective whenever a domestic order is effective. It is enforced through customs, commodities being admitted only if they bear a marketing certificate showing that they meet the requirements of the order. Problems do arise with foreign producers and exporters, usually in the initial period of an order, but these are generally worked out in a relatively short time. Before Section 2e was passed to Congress, members of the Florida industry had discussed it with members of the Cuban industry, and from these discussions

and prior discussions of marketing orders generally with members of the Mexican industry, believed that both the Cuban and Mexican growers would favor section 8e. During the past season representatives of the Departments of Agriculture and State have met with representatives of the Mexican Government and the Mexican tomato industry on several occasions. All agreed that regulation of tomato marketings was economically necessary, although there were some differences as to the form the regulation should take. Experience under the order has showed that prices of Mexican as well as Florida tomatoes have benefitted.

Yours faithfully,

A handwritten signature in dark ink, appearing to read "Spessard L. Holland", with a long, sweeping underline that extends to the left.

SPESSARD L. HOLLAND

SMH:so

the period January 5, 1969, through January 11, 1969, are hereby fixed as follows:

- (i) District 1: 13,950 cartons;
- (ii) District 2: 59,520 cartons;
- (iii) District 3: 84,630 cartons.
- (2) As used in this section, "handled," "District 1," "District 2," "District 3," and "carton" have the same meaning as when used in the said amended marketing agreement and order.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: January 2, 1969.

PAUL A. NICHOLSON,  
Deputy Director, Fruit and  
Vegetable Division, Consumer  
and Marketing Service.

[F.R. Doc. 69-143; Filed, Jan. 3, 1969;  
8:52 a.m.]

[966.306, Amdt. 3]

## PART 966—TOMATOES GROWN IN FLORIDA

### Limitation of Shipments

**Findings.** (a) Pursuant to Marketing Agreement No. 125 and Order No. 966, both as amended (7 CFR Part 966), regulating the handling of tomatoes grown in the production area, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and upon the basis of the recommendation and information submitted by the Florida Tomato Committee, established pursuant to said marketing agreement and order, and upon other available information, it is hereby found that the amendment to the limitation of shipments hereinafter set forth will tend to effectuate the declared policy of the act.

(b) It is hereby found that it is impracticable and contrary to the public interest to give preliminary notice, or engage in public rule making procedure, and that good cause exists for not postponing the effective date of this amendment until 30 days after publication in the FEDERAL REGISTER (5 U.S.C. 552), because (1) the time intervening between the date when the information upon which this amendment is based became available and the time when this amendment must become effective in order to effectuate the declared policy of the Act is insufficient, (2) more orderly marketing than would otherwise prevail will be promoted by regulating the handling of tomatoes in the manner set forth in this amendment, (3) compliance with this amendment will not require any special preparation by handlers which cannot be completed by the effective date, (4) reasonable time is permitted under the circumstances for such preparation, and (5) information regarding the committee's recommendation has been made available to producers and handlers in the production area.

Order, as amended. In § 966.306 (33 F.R. 16330, 17310, 19'61), paragraph (a), subparagraph (1) of paragraph (b), and paragraph (1) are hereby amended to read as follows:

### § 966.306 Limitation of shipments.

(a) **Minimum grade, size, and maturity requirements.** (1) For mature green tomatoes: U.S. No. 3, or better grade, over 2 $\frac{1}{2}$  inches in diameter.

(2) For tomatoes advanced in maturity to "breakers" or higher stages of maturity: U.S. No. 3, or better grade, over 2 $\frac{1}{2}$  inches in diameter.

(3) Not more than 10 percent, by count, of the tomatoes in any lot may be smaller than the specified minimum diameter.

(b) **Size classifications.** (1) No person shall handle for shipment outside the regulation area any tomatoes unless they are sized within one or more of the following ranges of diameters (expressed in terms of minimum and maximum). Measurement of minimum and maximum diameter shall be in accordance with the method prescribed in paragraph (c) of § 51.1860 of U.S. Standards for Grades of Fresh Tomatoes (§§ 51.1855 to 51.1877 of this title).

Size classification:	Diameter (inches)
6 x 7.....	Over 2 $\frac{1}{2}$ to 2 $\frac{1}{2}$ , inclusive.
6 x 6.....	Over 2 $\frac{1}{2}$ to 2 $\frac{1}{2}$ , inclusive.
5 x 6.....	Over 2 $\frac{1}{2}$ .

(1) **Definitions.** For the purpose of this section any lot of tomatoes containing not more than 10 percent of tomatoes which have reached a more advanced stage of color than "green" shall be classified as "mature green". Tomatoes advanced in color to "breakers" and higher stages of maturity may be so classified if the lot contains more than 10 percent of "breakers" and higher stages of maturity. The color terms used herein have the same meaning as when used in the U.S. Standards for Grades of Fresh Tomatoes (§§ 51.1855 to 51.1877 of this title). "Hydroponic Tomatoes" means tomatoes grown in solution without soil. "Consumer size containers" means tubes, trays, and other containers customarily packed for the retail trade in accordance with good commercial practice. Other terms used in this section have the same meaning as when used in Marketing Agreement No. 125, as amended, and this part.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

**Effective date.** Dated December 31, 1968, to become effective January 8, 1969.

FLOYD F. HEDLUND,  
Director, Fruit and Vegetable  
Division, Consumer and Mar-  
keting Service.

[F.R. Doc. 69-114; Filed, Jan. 8, 1969;  
1:04 p.m.]

[980.203, Amdt. 3]

## PART 980—VEGETABLES; IMPORT REGULATIONS Tomatoes

Pursuant to the requirements of section 60-1 of the Agricultural Marketing Agreement Act of 1937, as amended (7

U.S.C. 608e-1), Tomato Import Regulation § 980.203, as amended (33 F.R. 16440, 17310, 19161) is hereby further amended as set forth below.

Order, as amended. In § 980.203, Tomato import regulation, paragraph (a) is amended to read as follows:

### § 980.203 Tomato import regulation.

(a) **Minimum grade, size, and maturity requirements.** (1) For mature green tomatoes—U.S. No. 3, or better grade, over 2 $\frac{1}{2}$  inches in diameter.

(2) For all other tomatoes—U.S. No. 3, or better grade, over 2 $\frac{1}{2}$  inches in diameter.

(3) Not more than 10 percent, by count, of the tomatoes in any lot may be smaller than the specified minimum diameter. Any lot of mature green tomatoes may contain not more than 10 percent of tomatoes which have reached a more advanced stage than "green" as defined in § 51.1864 of the U.S. Standards for Grades of Fresh Tomatoes (§§ 51.1855 to 51.1877 of this title). "All other tomatoes" are those advanced in maturity beyond mature-greens.

**Findings.** This amendment conforms with a simultaneous amendment to the limitation of shipments effective on domestic shipments of tomatoes (§ 966.306, Amdt. 3) under Marketing Order No. 966, as amended (7 CFR Part 966) regulating the handling of tomatoes grown in Florida. It is hereby found that it is impracticable and unnecessary to give preliminary notice or engage in public rule-making procedure, and that good cause exists for not postponing the effective date of this amendment until 30 days after publication in the FEDERAL REGISTER (5 U.S.C. 552) in that (1) the requirements of section 608e-1 of the Act make this amendment mandatory, (2) compliance with this amendment will not require any special preparation by importers which cannot be completed by the effective date, and (3) notice hereof is hereby determined to be reasonable and in accordance with the requirements of the Act in that the notice for imports from Canada and Mexico (other than the Yucatan) include the minimum period of 3 days required by the Act plus an additional day, or a total of 4 days, for transportation and entry into the United States after picking, and 2 additional days notice are given for imports from all other points of origin.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated December 31, 1968, to become effective January 8, 1969, for imports from Canada or Mexico (other than the Yucatan), and to become effective January 10, 1969, for imports from all other points of origin.

FLOYD F. HEDLUND,  
Director, Fruit and Vegetable  
Division, Consumer and Mar-  
keting Service.

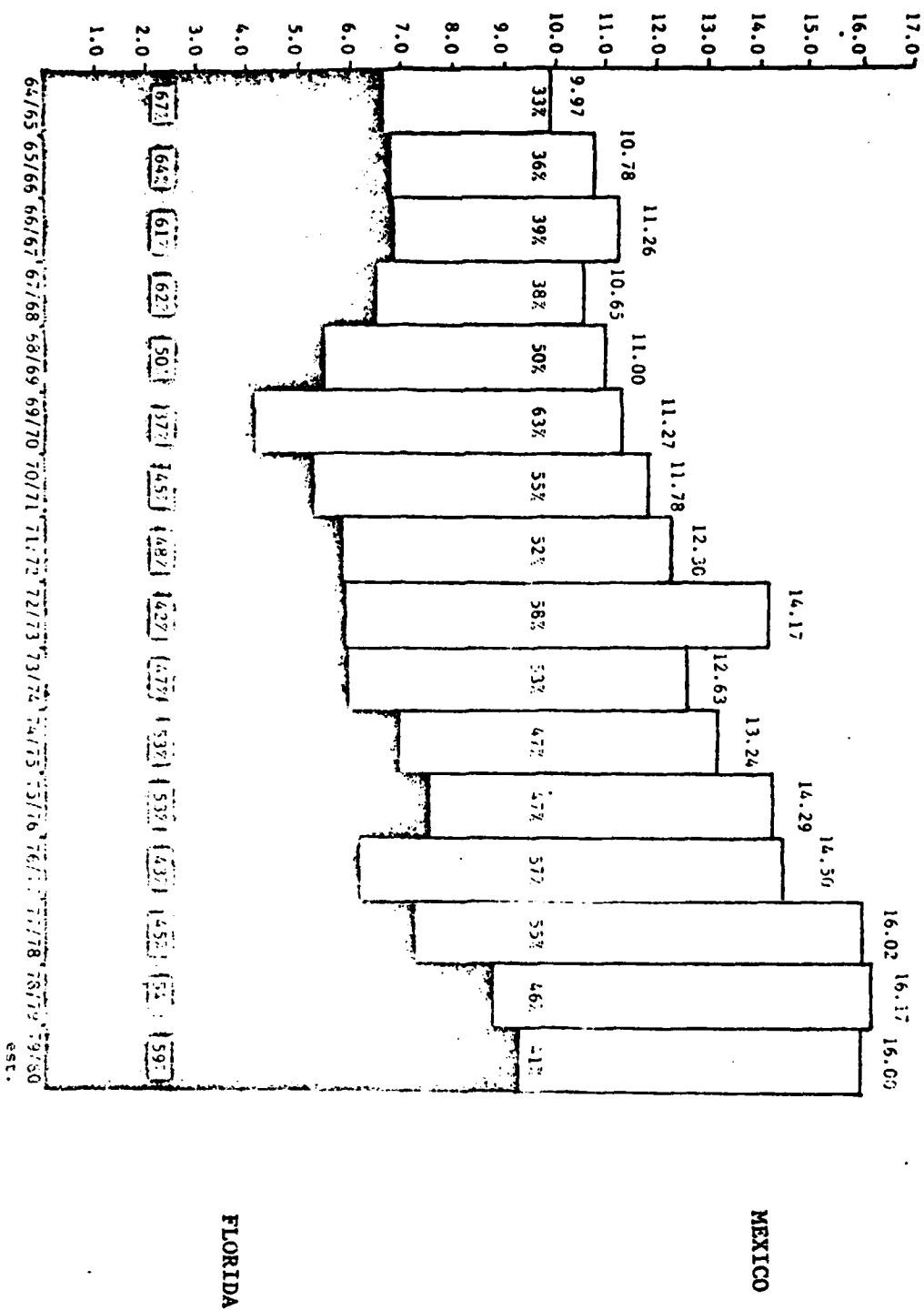
[F.R. Doc. 69-115; Filed, Jan. 2, 1969;  
1:05 p.m.]

Source:

FEDERAL REGISTER, VOL. 34, NO. 3—SATURDAY, JANUARY 4, 1969

# APPENDIX C

**Fresh Tomatoes: Total Recorded Movement for Florida and Mexico (October-July)\***  
1,000,000 cwt.



\*Mexico includes transshipments to Canada, as well as cherry tomato marketings.  
Market share is for Florida and Mexico only and does not include other U.S. production or other imports.

Source: USDA. 1979/80 estimate is from the Florida Tomato Committee, based on data through mid-April.



# APPENDIX D

## Fresh Tomatoes: U.S. Production and Foreign Trade, November through May 1,000 cwt.

Season	Domestic Production			Total Supply	Exports	Domestic		Florida output as percentage of	
	Florida	Other States 1/	Imports			Marketings	Supply	Total Supply	Domestic Marketings
1967/68	7,127	452	3,268	10,847	474	10,373	66	66	69
1968/69	6,123	723	4,236	11,082	312	10,770	55	55	57
1969/70	4,638	721	5,842	11,201	265	10,936	41	41	42
1970/71	5,831	689	5,374	11,894	454	11,440	49	49	51
1971/72	6,508	674	5,412	12,594	562	12,032	52	52	54
1972/73	6,929	593	6,449	13,971	703	13,268	50	50	52
1973/74	6,906	449	5,482	12,837	774	12,063	54	54	57
1974/75	8,079	561	4,479	13,119	1,193	11,926	62	62	68
1975/76	8,788	675	4,428	13,891	1,097	12,794	63	63	69
1976/77	7,263	503	7,001	14,767	900	13,867	49	49	52
1977/78	8,565	575	7,458	16,598	1,008	15,590	52	52	55

1/ Includes fall crop (formerly "late fall" in South Texas; and spring crop (formerly "early spring") in South Texas and California desert.

Source: Economics, Statistics and Cooperatives Service, USDA, and data compiled by the Foreign Agricultural Service, USDA.

## GLOSSARY

AARC	Asociacion de Agricultores del Rio Culiacan
CAADES	Confederacion de Asociaciones de Agricultores del Estado de Sinaloa
FTC	Florida Tomato Committee
FBA	Food Business Associates, Inc.
SAG	Secretaria de Agricultura y Ganaderia
SHyCP	Secretaria de Hacienda y Credito Publico
UFFVA	United Fresh Fruit and Vegetable Association
UNPH	Union Nacional de Productores de Hortalizas
USDA	United States Department of Agriculture
West Mexico	West Mexico Vegetable Distributors Association

## FOOTNOTES

1. cf. Peter Evans, "Shoes, OPIC, and the Unquestioning Persuasion: Multinational Corporations and U.S.-Brazilian Relations," pp. 302-336 in Richard R. Fagen, ed., Capitalism and the State in U.S.-Latin American Relations. (Stanford: Stanford University Press, 1979).
2. cf. Robert O. Keohane, "The Big Influence of Small Allies," Foreign Policy, 2 (Spring 1971).
3. Ray A. Goldberg, Agribusiness Management for Developing Countries - Latin America (New York: Ballinger, 1974). Ruth Rama and Raul Vigorito, El Complejo de frutas y legumbres en Mexico (Mexico: Instituto Latinoamericano de Estudios Transnacionales and Editorial Nueva Imagen, 1979) also discuss the structure of the industry.
4. El Sol de Sinaloa (hereafter SS),
5. Interview with UNPH officials.
6. cf. Roger D. Hansen, The Politics of Mexican Development (Baltimore: Johns Hopkins University Press, 1971).
7. The New York Times, February 8, 1971, p. A12.
8. UNPH, VII convencion anual, noviembre de 1977, p. 22.
9. For a discussion of this issue, cf. Comercio Exterior, special issue "Alimentacion, crisis agricola y economia campesina," vol. 28, num. 6, junio de 1978.
10. AARC
11. FTC Annual Report 1968-1969, p. I.
12. UNPH, Boletin Bimestral #27, p. 1105. The hearings were before the Subcommittee on Domestic Marketing, Consumer Relations and Nutrition of the Committee on Agriculture, House of Representatives, October 4, 1977.
13. Senator Spessard L. Holland to J.S. Peters.
14. "Informacion proporcionada por el Sr. Cesar de Saracho - enero 10 de 1969 - Procedente de Washington, D.C. via telefonía," AARC Tomato File.
15. CAADES to Alfredo Valdez Montoya, Gobernador Constitucional del Estado de Sinaloa, 13 enero de 1969.

16. "Las opinones de los senores Alfredo Careaga O. y Raul Batiz ...", "Los senores Alfredo Careaga Cebreros y Raul Batiz Echevarria ...", 6 de febrero de 1969, AARC Tomato File.
17. "Las opinones de los senores Alfredo Careaga O. y Raul Batiz ..." op. cit.
18. "Los senores Alfredo Careaga Cebreros y Raul Batiz Echevarria ..." op. cit.
19. "Se apelara a los convenios y recomendaciones internacionales sobre comercio exterior, para la solucion del problema de exportacion del tomate mexicano," 6 de febrero de 1969, AARC Tomato File.
20. "Los senores Alfredo Careaga Cebreros y Raul Batiz Echevarria ...," op. cit.
21. "Las opinones de los senores Alfredo Careaga O. y Raul Batiz ...", op. cit.
22. "Se apelara...", op. cit.
23. Mike M. Masaoka, Masaoka-Ishikawa to Sr. Alfredo Careaga Cebreros, Presidente, UNPH. Marzo 3, 1969. Translation.
24. Ibid.
25. Masaoka-Ishikawa and Associates, Inc. to Mr. A.B. Conrad, Secretary-Manager, West Mexico Vegetable Distributors Association. February 24, 1969.
- 26.
27. "Memorandum que presentan La Union Nacional de Productores de Hortalizas, La Confederacion de Asociaciones Agricolas del Estado de Sinaloa y La Asociacion de Agricultores del Rio Culiacan al C. Profesor Juan Gil Preciado, Secretario de Agricultura y Ganaderia, en relacion a las restricciones impuestas a las importaciones de tomate por el Departamento de Agricultura de los Estados Unidos de Norteamerica", 15 abril de 1969. AARC Tomato File.
28. "Fernando Gonzalez Avila, Agente General en Sinaloa, Secretaria de Agricultura y Ganaderia to C. Don Juan Gil Preciado, Secretario de Agricultura y Ganaderia", enero 12 de 1969.
29. Ibid.
30. "Informe del Lic. Margain", 17 enero de 1969, AARC Tomato File.

31. SAG to Frente General en Sinaloa, SAG, 12 junio de 1969.

32. Ibid.

33. Embajador Lic. Hugo B. Margain to Antonio Carrillo Flores, Secretaria de Relaciones Exteriores (SRE), 30 junio de 1969.

34. Ibid.

35. Ibid.

36. Juan Gil Preciado, SAG, to Antonio Carrillo Flores, SRE, 23 junio de 1969.

37. SS, 10, 11, and 15 septiembre de 1969.

38. Ibid., 23 septiembre de 1969.

39. Ibid., 11 noviembre de 1969.

40. Ibid., 11 noviembre de 1969.

41. Ibid., 23 noviembre de 1969.

42. Ibid., 27 noviembre de 1969.

43. Ibid., 4 diciembre de 1969.

44. Ibid., 7 marzo de 1970.

45. Ibid., 18 abril de 1970.

46. Ibid., 3 julio de 1970.

47. Ibid., 6 julio de 1970.

48. Ibid., 29 agosto de 1970.

49. At least the FTC was willing to await the results. FTC "Annual Report 1970-1971", p. XVII.

50. "United States-Mexican Trade Relations," Hearing Before the Subcommittee on Inter-American Affairs of the Committee on Foreign Affairs, House of Representatives, Ninety-Second Congress, Second Session, February 24, 1972, p. 2.

51. SS, 12 mayo de 1971.

52. "En las oficinas de la Union Nacional de Productores de Hortalizas se recibio la siguiente informacion, de parte del senor Secretario de Agricultura y Ganaderia, proporcionada por via telefonica el dia de ayer." Culiacan, Sinaloa, abril 9 de 1969.

53. SS, 7 julio de 1969.
54. Ibid., 19 julio de 1969.
55. Ibid., 25 and 27 julio de 1969.
56. Minutes. 28 julio de 1969. AARC Tomato File.
57. SS, 31 julio de 1969.
58. Ibid., 29 agosto de 1969.
59. El Agricultor, AARC 1:1 septiembre de 1969. .
60. SS, 2 diciembre de 1969.
61. Ibid., 22 enero de 1970.
62. Ibid., 12 febrero de 1970.
63. Ibid., 10 abril de 1970.
64. Ibid., 19 marzo de 1970.
65. Ibid., 2 abril de 1970.
66. Ibid., 3 abril de 1969.
67. Ibid., 27 junio de 1970.
68. Ibid., 18 and 19 julio de 1970.
69. Ibid., 20 julio de 1970.
70. Ibid.
71. Ibid., 26 julio de 1970.
72. Ibid., 24 and 27 julio de 1970.
73. Ibid., 1 and 3 agosto de 1970.
74. Ibid., 12 agosto de 1970.
75. Ibid., 15 agosto de 1970.
76. Ibid., 22 and 23 agosto de 1970.
77. Ibid., 9 agosto de 1970.

78. Ibid., 16 agosto de 1970.
79. Ibid., 7 agosto de 1970.
80. Ibid., 20 julio and 12 septiembre de 1970.
81. Ibid., 12 septiembre de 1970.
82. Diario Oficial, martes 6 de octubre de 1970, pp. 2-3.
83. SS, 18 febrero de 1971.
84. Ibid., 7 marzo de 1971.
85. Minutes of meeting of Sinaloa producers and SAG. 1970. No day or month.
86. SS, 14 abril de 1971.
87. Ibid., 24, 28 and 29 abril de 1971.
88. "United States-Mexican Trade Relations," op. cit., pp. 24-25.
89. SS, 10 septiembre de 1972.
90. Ibid., 12 septiembre de 1972.
91. Ibid., 29 octubre de 1972.
92. Ibid., 15 noviembre de 1972.
93. Ibid., 20, 21, 26, and 30 abril and 11 mayo de 1973.
94. Ibid., 16 mayo and 19 junio de 1973.
95. Embajador Lic. Hugo B. Margain to Antonio Carrillo Flores, Secretario de SRE, 31 junio de 1969.
96. "Informacion proporcionada por el Sr. Cesar de Saracho...", 10 enero de 1969, op. cit.
97. FTC "Annual Report 1968-1969", p. XVI.
98. Ibid., p. XVII.
99. Alfonso Lopez Gamez, Gerente General, UNPH, to J.S. Peters, Manager, FTC, 1 febrero de 1969.
100. FTC "Annual Report 1968-1969", op. cit., p. XVI.
101. J.S. Peters to Alfonso Lopez Gamez, 6 marzo de 1969.

102. FTC "Annual Report 1968-1969", op. cit., p. XVII.
103. FTC "Annual Report 1970-1971".
104. SS, 30 abril and 1, 21 and 30 mayo de 1971, p. 1.
- 105.
106. Ibid.
107. SS, 21 agosto de 1971, pp. 1, 6.
108. Ibid., 29 septiembre de 1971, p. 1.
109. Ibid., 1 enero de 1972, p. 1.
110. Ibid., 3 febrero de 1972, p. 1.
111. Ibid., 4 febrero de 1972, p. 1.
112. "Reporte que presentan los senores Ingeniero Manuel J. Clouthier y Fernando de Saracho Calderon sobre su asistencia a la convencion a la United Fresh Fruit and Vegetables Association en Chicago, los dias del 7 al 9 de febrero, 1972."
113. Ibid.
- 114.
- 115.
- 116.
117. Masaoka-Ishikawa and Assoc. to West Mexico. February 24, 1969
118. Ing. Manuel Jr. Clouthier, President AARC to Sen. Barry Goldwater. 10 February 1969
119. Masaoka-Ishikawa and Assoc. to President, UNPH. Marzo 3, 1969
120. Masaoka-Ishikawa and Assoc. to West Mexico. May 28, 1970
121. FTC "News Release". 17 February 1969
122. Reported in SS 11 marzo de



123. 91st. Congress 1st. Session, H.R. 9656. March 27, 1969 and  
93d. Congress 1st. Session, H.R. 5413. March 8, 1973

124. FTC, "Annual Report 1968-1969" op. cit. pp. XVI, XXXV-XXXVI.  
The quote is from the last page; also West Mexico to UNPH. 3 marzo  
de 1969

125. FTC "Annual Report 1968-1969" op. cit. p. XXXVI.

126. Ibid.

127. Ibid.

128. FTC "Annual Report 1970-1971" p.

129. Ibid.

130. United States Court of Appeals, District of Columbia Circuit.  
"WALTER HOLM & COMPANY, et al., Appellants, v. Clifford M. HARDIN,  
Individually and as Secretary of the United States Department of  
Agriculture et al." No. 24848 Argued Jan. 26, 1971. Decided March  
19, 1971.

131. The Federal Register. 37:65 Part I. Wednesday April 5, 1972  
pp. 6857-6867.

132. United States District Court for the District of Columbia  
(No. 2142-72) CONSUMERS UNION OF UNITED STATES, INC., CONSUMER FED-  
ERATION OF CALIFORNIA, CONSUMER FEDERATION OF ILLINOIS, and CONSU-  
MER ASSOCIATION OF THE DISTRICT OF COLUMBIA v. the HONORABLE EARL  
L. BUTZ, Secretary of the United States Department of Agriculture,  
RICHARD E. LYNG, ERVIN L. PETERSON, and FLOYD HEDLUND. In the same  
court (No. 2154-72) COAST MARKETING CO., WILLIAM S. WRIGHT, INC.,  
WEST MEXICO VEGETABLE DISTRIBUTORS ASSOCIATION v. same defendants.

133. FTC "Annual Report 1972-1973" p. VII

134. FTC "Annual Report 1973-1974" p. I.

135. United States District Court for the District of Columbia  
STIPULATION AND ORDER OF DISMISSAL WITHOUT PREJUDICE 18 September 1975

136. West Mexico to UNPH. 11 julio de 1969

137. West Mexico to UNPH. 7 agosto de 1969

138. UNPH to West Mexico. 11 agosto de 1969

139. William G. Kagler, Director of Public Relations, The Kroger  
Company to Alfredo Careaga Cebreros, Presidente, UNPH. 28 marzo de 1969

140. West Mexico to UNPH. 29 abril de 1969
141. FTC "Annual Report 1971-1972" p. 11
142. Ibid.
143. see fn. 132
144. FTC "Annual Report 1972-1973" p. VII
145. The New York Times June 15, 1979 pp. D1, 3
146. UNPH "Informe de labores ... 1979" noviembre de 1979 p. 15
147. Ibid. pp. 16-18
148. Wall Street Journal, July 19, 1979 p. 40 and The New York Times, October 27, 1979 p. 29
149. Wall Street Journal, July 19, 1979 p. 40
150. The New York Times, October 27, 1979 p.29
151. UNPH "Informe de labores ...1979" p. 17
152. Ibid.
153. Ibid.
154. UNPH Boletin Bimestral #33 pp. 1340,1362 for 1978-79 and personal communication from UNPH official for 1979-80.
155. "Testimony of Morris K. Udall Before the Trade Subcommittee of the House Ways and Means Committee" April 25, 1979
156. "Statement of Patrick F. J. Macrory Before the Trade Subcommittee of the House Ways and Means Committee" April 27, 1979
157. The New York Times. June 15, 1979 pp. D1,3
158. Ibid.
159. UNPH "Informe de labores ...1979" p. 15
160. Wall Street Journal. July 19, 1979 p. 40
161. Ibid. and The New York Times. September 9, 1979 pp. 1, 52
162. "Memorandum al Sr. Lic. Jose Lopez Portillo, Presidente de la Republica, Sobre la Acusacion de "Dumping" a las Hortalizas de Mexico en los Estados Unidos" Junio 1979. Reproduced in UNPH IX Convencion Anual. noviembre de 1979 pp. 12-24.
163. Ibid. p. 16

164. Exhibits "B" and "C" in "Exhibits to Brief of Respondents Union Nacional de Productores de Hortalizas and West Mexico Vegetable Distributors Association in the United States Department of Commerce" February 29, 1980
165. Sentinel Star, December 2, 1979 p. 20-C and Fort Lauderdale News and Sun-Sentinel, November 3, 1979 pp. 1B,4B
166. Wall Street Journal, October 31, 1979 p. 39
167. "Brief of Respondents ..." op. cit., p. 11
168. Ibid. cites their "Memorandum Concerning the Commerce Department's Lack of Jurisdiction to Continue This Investigation" February 29, 1979.
169. Ibid. p. 11
170. Ibid. p. 48
171. "Rebuttal Brief of Respondents Union Nacional de Productores de Hortalizas and West Mexico Vegetable Distributors Association" March 7, 1979 p. 10
172. Ibid. pp. 12-13
- 173.
174. Food Business Associates, Inc. "Mejorando el Mercado" circa 1974. p. 180
175. UNPH "Memorandum al Sr. Lic. Jose Lopez Portillo..." op. cit., pp. 22-23
176. Food Business Associates, Inc., UNPH 1979 Promotion Handbook. p. 111
177. Exhibits "L" and "M" in "Exhibits to Brief..." op. cit.
178. Wall Street Journal, October 31, 1979 p. 39
179. Food Business Associates, Inc. UNPH 1979 ... op. cit. p. 112
180. Personal communication with Linda Jo Froman, Harvard Graduate School of Business
181. This is a general argument in the literature on agricultural trade. cf. Vernon L. Sorenson, International Trade Policy: Agriculture and Development. (East Lansing: Michigan State University, 1975) esp. pp. 29-32.
182. Journal of Commerce, November 1, 1979

DATE  
FILMED  
— 8